Clouds

begin to

lift over

economy

Singapore

EUROPE'S BUSINESS NEWSPAPER

Tuesday October 7 1986

D 8523 B

World news

architecture

The Contraction

111

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French air force favours Awacs

The French air force said it was in CARL C. ICAHN, New York investavour of France buying the Bosing tor, and a group of companies he E-3 Awacs aircraft as the only air controls said in an SEC filing that borne early warning system suited

seem to jeopardise any chance of France buying the rival British-built Nizarod equipped with GEC

Although the French Government is formally committed to examining both the American and British options, officials indicated privately that the Boeing aircraft was the clear favourite be

Israell air raid

Israeli aircraft raided north Leba non for the first time in 15 months hitting a base, training fields and an ammunition dump used by the Marxist Popular Front for the Lib-eration of Palestine. Page 7

Peres to step down

Israeli Prime Minister Shimon Peres said he planned to step down on Friday as part of a power-shar-ing agreement with the right-wing Foreign Minister, Yitzhak Shamir.

Gulf air strikes

Iraq said its aircraft launched raids against three oil-related Iranian targets and Iran reported that several civilians were injured in air strikes on two of its south-west industrial areas.

W German poli

West Germany's opposition Social Democratic Party (SPD) was drawing comfort from a swing to the left Confid in Sunday's local elections in Lower-Saxony. Page 26

S. African explosion

Six South African soldiers were in-jured when their vehicle hit a mine near the Mozambique border. The attack was blamed on the banned

Genscher check-up

West German Foreign Minister Hans-Dietrich Genscher, 59, was due to leave hospital after five days of checks since he fainted in parliament. A spokesman said he was feeling well.

fraud.

Mafia arrests Italian police said they had arrested four people for involvement in a Maña-backed medical prescription

N-plant shutdown

One of Belgium's seven nuclear power stations has been shut down mporarily after radioactive water leaked from its primary cooling sys-

Syria accused

Syria was involved in a plot to destroy an Israeli airliner last April and kill 375 people on board, a British prosecutor said in a case against a Jordanian charged with planning the crime. Page 7

Greenpeace protest

Environmental group Greenpece said it had sent its protest ship Sirius to Iceland to arrive there on the eve of the mini-summit between the US and Soviet leaders.

Kasparov keeps title World chess champion Garry Kasperov retained his title after reaching a draw in his 23rd game with

Yoga in orbit

challenger Anatoly Karpov.

The Soviet Union wants India to teach its cosmonauts the ancient Hindu art of yoga to prevent (\$11.8m) in the first half compared space sickness, the head of India's with profits of BFr 265m in the Institute of Aviation Medicine said.

No. 30,051

Icahn bid values USX at \$8bn

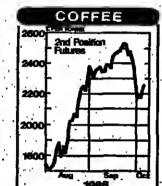
Business summary

they have a 9.8 per cent stake in USX Corp and have proposed buying the company at \$31 per share, to value it at \$80n.

IBM, world's biggest computer manufacturer, and Intel, silicon valley chip maker, have signed a hig semiconductor technology ex-change agreement the details of have just been announced

WALL STREET: The Dow Jones industrial average closed 10.7 up at 1,784.45. Page 50

TORYO suffered a further setheck with institutional investors and dealers sitting on the sidelines after last week's violent fluctuations. The Nikkei market average fell 171.12 to 17,435.33 on the second lowest volume of the year. Page 50



COFFEE: The January position on the London futures market closed £75 higher at £2,257.50 a tonne. Confidence appeared to have re-turned to the market after last week's sell off. Page 42

LONDON financial markets took heart from expectations that UK-money supply data die today will be haden than earlier thought, re-ducing pressure for higher interest rates. The Financial Times ordi-1,251.2. Gilts lost some of their early: impetus. Page 50

DOLLAR closed in New York at DM

1.9920; SFr 1.6215; FFr 6.5225 and Y154.22. It fell in London to DM 1.9900 (DM 1.9965); FFr 6.5200 (FFr 6.5450); Y154.05 (Y154.10), but was unchanged at SFr 1.6200. On Bank of England figures the dollar's index fell to 109.2 from 109.3. Page 43 STERLING closed in New York at \$1.4385. It fell in London to close at \$1.4390 (\$1.4425). It also fell to DM 2.8625 (DM 2.8825); FFr 9.3825 (FFr 9.400); SFr 2.8300 (SFr 2.8375), and to Y221.50 (Y222.25). The pound's exchange rate index fell 0.2 to 68.0. Page 43

GOLD rose \$1 to \$438.00 on the London bullion market. It also rose in Zurich to \$437.87 (\$436.75). In New

York the Comex December settlement was \$442.8. Page 42 SECURITY PACIFIC, large US

West Coast banking group, intends expanding its asset-based finance

activities in Europe. Page 27. NORSK HYDRO, Norwegian energy and industrial group which re-ported a sharp fall in first-half prof-its earlier this year, has substantial-ly downgraded its profit hopes for 1986 as a whole. Page 27

SAINT GOBAIN, French state glass

group due to be privatised before the end of the year, expects to double first-half profits. Page 27. BROTHER INDUSTRIES, Japanese manufacturer of sewing machines and typewriters, is to estab-lish a wholly-owned subsidiary in the US to produce electronic typewriters. Page 27.

TELEFONICA, Spain's semi-state telecommunications group, is seeking to sell its 49 per cent stake in a joint cable making venture with General Cable of the US. Page 36 VIRILE-MONTAGNE, Belgian

sinc mining and processing company, experienced a loss of BFr 491m (\$11.8m) in the first half compared

CONTENTS —

Europe 2,3 Editorial comment 24
Companies 27,30 Eurobonds 29
Euro-options 46
Kmancial Futures 43

ALCOHOLD TO THE REAL PROPERTY.

Submarine sinking 'poses no immediate threat' BY LIONEL BARBER IN WASHINGTON AND PATRICK COCKBOON IN MOSCO

crippled by fire and an explosion last Friday, sank in the Atlantic Ocean, about 500 miles north-east of Bermuda yesterday.

The Yankee class submarine, armed with 16 ballistic missiles

sank in about 8,000 ft of water in mid-Atlantic, US Pentagon officials said. The Soviet Union later confirmed the loss.

Three Soviet seamen died in the initial fire and explosion but Moscow said last night that the rest of the crew had been taken on board Soviet ships before the submarine sank with no further loss of life. Soviet and US officials agreed that the sinking vessel posed no immediate radiation threat.

Tass, the Soviet newsagency,

grees, 42 minutes west longitude. side. The 428-ft long submarine, which is A The 426-ft long submarine, which is powered by a pressurised water reactor and is comparable in design to Britain's Polaris submarines, said that the crippled boat posed no started taking on water as it was being towed at two miles per hour by a Societ merchant users!

Mr. James Bush as a secretar directory of the sea. being towed at two miles per hour-by a Soviet merchant vessel.

said, that the submarine had sunk Kong, said that he had been told by despite efforts to save it by the crew experts that there was no danger of despite efforts to save if by the crew experts that there was no danger of and other Soviet ships which had the missiles exploding. But he added that the force of the blast. The Tass report gave no details of which killed three Soviet crewmen, the cause of the explosion but said on Friday, had been "very, very the reasons behind the sinking great," Photographs taken over the weekend by US pairol aircraft. Pentagon officials gave the site of showed the stricken submarine the sinking as 31 degrees, 21 minutes north latitude, and 54 degrees, 42 minutes west longitude.

Mr James Bush, associate direc-Mr Caspar Weinberger, the US tor of the Centre Defence Informa-Defence Secretary who is in Hong tion, a private group which moni-

tors the Pentagon, said there would be no appreciable increase in the radiation level in the ocean if the reactor ruptured. "Of course, if it does not rupture, then you have got an even better situation."

The submarine had been towed about 80 miles by the Soviet vessel Krasnovardeysk after Friday's ex-plosion. The fire burned for about

The submarine began moving un-der its own power but was forced to seek assistance in heavy seas. The towing operation was halted in the early hours of yesterday and the submarine gradually flooded. Two hours before, only a few crewmen were spotted aboard by US surveil-

the third major disaster to hit th Soviet Union this year.

The first of these was the disaste at the Chernobyl nuclear plant on April 26, about which the Soviet authorities at first released no infor mation. But the sinking of the cruise ship Admiral Nakhimov in the Black Sea on August 3 and the loss of the submarine in the Atlan-tic were both announced immedi-

viet information policy.

Last night, the International At omic Energy Agency (IAEA) based in Vienna, confirmed that Moscow had been keeping it informed of developments surrounding the sub-

share-out of quotas would have to be referred back to governments and heads of state, adding to the difficulties and length of time it

would take to secure a new agree-

Mr Gholamreza Aghazardeh, Ira-nian Minister of Oil, clearly wants

to see the present limitation on pro-duction extended until the next

Dr Subroto, Indonesia's Oil Min-ister, said he fayoured an extension

of the interim agreement until at least the end of this year, and if

were spotted aboard by US surveil-ance aircraft.

The sinking of the submarine is to report such incidents.

ately, signalling a big change in So-FOR SINGAPORE, the worst is

over. After a startling economic plunge following 20 years of spec-tacular advances, the tiny island state appears to have hit bottom and bounced back. But while the Government is trying to show the latest turn of evenis in the best light so as to attract new investment, most observers expect

the recovery to be a long and drawn-out affair. Singaporeans will have to get used to far lower expectations

about the economy, they believe.

The boom-boom days of 8 to 10 per cent growth are gone forever, says a diplomat who follows the econo-

my closely.

Singaporeans can still count themselves lucky. Through a string of largely external events, such as a fall of the US dollar which lowered the price of Singapore's exports, GNP figures have moved into the plus column far faster than government leaders expeced earlier this

After four consecutive quarters of sharp contraction, the economy had expanded by a slight 0.8 per cent in the second quarter, an impressive rebound from the 3.4 per cent de cline in the first quarter, and enough to prompt the Trade Ministry to say that the economy may grow by 1 to 2 per cent for the year. "We have passed the trough of this recession," Mr Richard Hu, the Finance Minister, said last month.

Until recently, government economists had been predicting that the economy would shrink by another 1.5 per cent this year, but some imexpected bright spots have ap-

necessary until April pext year to give prices a sustained boost and to stabilise the market. Electronic manufacturing expanded by 25.1 per cent in the second quarter on an annualised basis. Shipbuilding and petroleum refining managed to pick up from the first quarter, bringing production up to the levels of the previous year, which had already been slashed by He also said be estimated that demand for Opec oil would rise to 17.5m barrels a day in the final three months of this year compared with present overall Opec output of around 16.8m b/d. Yesterday evening Mr Bilwann Lukman, Nigerian Oil Minister and current president of Opec, reviewed a decime in output.

The transport and communica-tion, and financial and business serrate, although this growth was less of a surprise.

None the less, the problems are None the less, the problems are obvious from just a quick drive around Singapore. Beautiful new buildings sit empty with "For Sale" and "For Rent" signs outside. Singapore is one of the few places in the world where a luxury hotel room can be had for less than \$50 a pight, and this mergurby will Emirates, submitted no information night, and this oversupply will worsen spectacularly in the coming months as thousands of new rooms come on to the market. Continued on Page 26

Brussels rift over enforcing competition

BY QUENTIN PEEL IN BRUSSELS

A GROWING rift has developed in the European Commission in Brus-sels over how tough it should be in using its legal powers to enforce free competition and limit the use of state subsidies in REC industries. The increasingly acrimonious de-bate has pitted Mr Jacques Delors,

the Commission president, against Mr Peter Sutherland, the Irish Commissioner responsible for competition policy. It also tends to follow the political divide in the 17-man body between the conservative majority and socialist minority.

It is a division which could have major implications for the future implementation of EEC competition aws, especially concerning state aid - the one area where the Euro-pean Commission has genoine executive authority under the Treaty of Rome.

The subject was raised by Mr De-lors at a closed-doors meeting of the Commission at the Chatesu Val Da-chesse on the edge of Brussels last week — while Mr Sutherland was

The Commission president argood that putting too much empha-sis on strict enforcement of the competition rules gave the Commuuity a negative image as being in-terfering, restrictive, and actually destroying jobs at a time of high un-

At the same time, the Comm sion was seen to be "powerless when it comes to positive actions," he argued in a discussion paper circulated to fellow commiss suggested that there was a real dis-equilibrium in the powers residing

Although Mr Sutherland was absent, it is understood that other commissioners defended the strict interpretation of EEC rules on

Mr Frans Andriessen, the Dutch Commissioner formerly responsible for the portfolio, and Lord Cockfield, the senior British Commis

months, as Mr Sutherland has made it clear in Commission that he was determined to see vigorous action to prevent excessive state subsidising of industry. Although he initially enjoyed the support of Mr Delors, the president has clearly

Both the French and West German governments have been string Commission's competition services, according to high level officials -and at one time or another most members of the Commission have se under pressure from their na-

Afficiate politically Mr Satisfied angul majority support for a tough majority of liberal conservative pol-iticians in the Commission – he has failed to carry the day on more than

The most notable was the decision by the Commission not to investigate the granting of state aids by the Italian Government to Iveco, the lorry manufacturer, as Mr Sotherland had proposed.

By raising the whole question at the Commission's "weekend of re-flection," Mr Delors seems determined to have a wide-ranging detionship between strict enforcement of the competition rules and a more flexible attitude to industrial interventionism, as traditionally practised in France.

£ and \$ weaker in nervous markets

By Philip Stephene, Economics Correspondent, in London

THE DOLLAR and the pound re mained under pressure in nervous foreign exchange markets yester-day prompting further intervention by West Germany's Bundesbank and the Bank of England to steady

The London Stock Exchange, The London Stock Exchange, however, shrugged off recent fears of higher UK interest rates, registering strong gains in response to buoyant retail sales figures and the perception that sterling's weakness will feed through into higher company profifs. The FT Ordinary share index closed at 1,251, 17.2 points higher than on Friday.

The nound fell in a new record

The pound fell to a new reainst the D-Mark, but was helped by a general weakening in the value of the dollar. The tradeweighted index, which opened 0.2 points lower at 68.0, held at that lev-el throughout the day.

Foreign exchange dealers reported light intervention by the Beak of England to support the pound. The Bank itself, however, which had been tacitly acknowledging its intervention last week, declined all comment on its operations. The general view in the markets is that the outlook for the pound

now depends crucially on the uncer tain outcome of the Geneva talks of the Organisation of Petroleum Ex-porting Countries (Opec) and on to-day's figures for the UK money sup-The Government hopes that bet-

ter-than-expected figures for the growth rate of stering M3 last month will help to avert a politically damaging rise in base rates during this week's Conservative Party conisrence, which begins today in

Speculation that the US, might cut its discount rate in response to poor economic indicators yesterday depressed the dollar,

Norwegian krone under pressure, Page 3

Japan drops cigarette tariffs

Japan has agreed permanently to suspend" a 25 per cent tariff on forsuspend at a per cent turn on his eign-made tobacco products which will drop the average price of US ci-garettes in Japan by 9.3 per cent to \$1.65 a packet. The decision follows years of complaints by US cigarette manufacturers that high tariff bariers effectively prevented them from competing in a giant market where cigarette smoking is widespread and growing.

Last year the US Administration nunched an upfair trade practices complaint against Japan and

JAPAN has bowed to pressure from wide range of Japanese manufactures, and the US Tobecco Institute to eliminate tariffs on cigarette imports in a move which is expected tration has been anxious to settle sharply to increase US exports to the dispute on favourable terms in the world's second biggest cigarette order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the Japanese order to foster goodwill among the constitute said that the con electorate in key southern states in action was a very positive step and the forth coming congressional long overdue."

Philip Morris, whose Mariboro

US cigarette sales account for an complaint against Japan and US cigarette sales account for an "step towards bringing more fair-threatened to impose tariffs on a estimated 3.5 per cent of cigarette ness to international trade."

The move is a major breakthrough for the US cigarette industry, whose domestic sales are falling by between 1½ per cent and 2
per cent a year, partly because of
the attention of the US anti-smoking lobby. Overseas markets are
larger share of the Japanese marlarger share of the Japanese mar-

under pressure from US

BY WILLIAM HALL IN NEW YORK

one of the few growth areas and US cigarette manufacturers, and Japan, whereover 60 per cent of the adult male population smokes, has a prime tarness move will "do much towards ness move will be towards ness one of the few growth areas left for ket following the agreement.

US cigarette manufacturers, and Senator James Broghill of North

Europe: Rio Tinto miners Management: how two defight 'capitalismo Ingles' .. 2 signers won backing 20 Latin American debt: new Editorial comment: UK Tory approach signalled 5 conference; exports aid ... 24

Saudis call for change over Opec oil quotas

BY RICHARD JOHNS IN GENEVA

SAUDI ARABIA, the Organisation f Petroleum Exporting Countries biggest oil producer, sees a change in the way that Opec production quotas are divided between member states as "absolutely essential," Sheikh Ahmed Zaki Yamani, the country's Oil Minister, said yesterday as the Opec ministerial confer-

ence opened in Geneva. At the same time, Sheikh Yamani reaffirmed Saudi Arabia's commitent, shared by other Opec states to achieving an oil price of \$17 to \$19 a barrel compared with the present \$13 to \$15.

The meeting is Opec's fifth this year. It is reviewing the interim agreement on quotes and an overall Opec production ceiling reached in Angust, which was meant to cover mly September and October. Under it, 12 of the 13 members

are committed to limiting their col-lective output to 14.5m barrels a day in a bid to keep oil prices up in the face of a glut on the market. The one exception is Iraq. Following the surge in Opec pro-

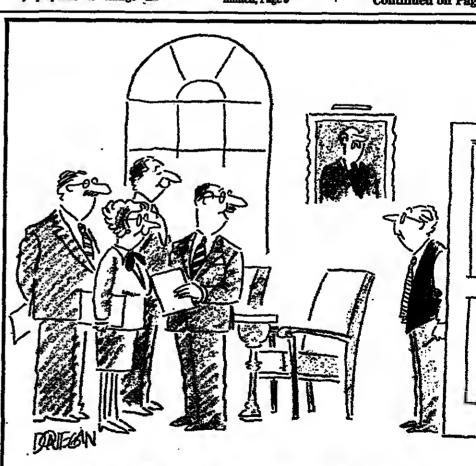
duction this summer at the peak of the "price war," and a big build-up of stocies, there appears to be little scope for raising the production celling. Most Opec members are beeved to favour extending the inter-But Saudi Arabia's demand for a radical renegotiation of the sharing system, which Kuwsit also wants, is bound to create difficulties and prolong the conference. Shelkh Ya-

mani himself said it could last two Any proposals to change the

the monitoring of member states output as reported to the Secretar-iat in Vienna. Overall, Opec output has been kept below the agreed One member, the United Arab

about production levels. It is be-lieved to have exceeded its quota by 300,000 or more barrels a day. The figures show that Ecuador and Gabon were slightly above

Scope for output increase limited, Page 3



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 World Trade
 6
 Management
 25

 Britain
 12-14, 16, 17
 Market Monitors
 39

 Companies
 34-38
 Market Monitors
 24

 Agriculture
 42
 Money Markets
 43

 Appointments
 19, 16
 Stock markets - Bourses
 47, 50

 Aris - Reviews
 23
 - Wall Street
 47-50

 - World Guide
 23
 - London
 44-67, 50

 Commedities
 42
 Unit Trusts
 39-41

 Curreactes
 43
 Weather
 25
 details..... 8

China: Hainan turns key on Urban regeneration: the gas-based future 6 Pittsburgh model 24 Soviet: submarine accident: UK politics: Thatcher's third term tactics 25 Technology: talking to Lex: pound; Morgan Grenmachines 9 fell; Nixdorf; Tokyo stocks 26 Tom Burns visits a Spanish copper community which faces extinction

Rio Tinto miners fight 'capitalismo Ingles'

THE VILLAGE of Minas de roads leading to Minas were Rio Tinto is fianked by huge blocked by picket lines while open cast mining pits and prim the Guardia Civil constabulary little villas, built for British engineers last century, which appear better suited to English suburbia than to the abrupt mountains of the Sierre de trees where the pickets camped Huelva in south-west Spain.

A sullen and expectant peace has descended on Minas, in the heart of the Rio Tinto valley, and on the four villages that surround it since work resumed at the beginning of the month on the copper seams that gave the Tinto River its winedark hue and its name.

National business trademark.

A widespread distrust over what are perceived to be ruthless machinations by the British multinational has given added zest to a dispute which has to do essentially with the degreesed world price for

dark hue and its name.

Neither the proprietors—Rio
Tinto Minera (RTM) which is
49 per cent owned by Rio
Tinto Zinc (RTZ) corporation—
The Proprietors—Rio
Tinto Rio
T Tinto Zinc (RTZ) corporation—nor the labour force believe that the final curtain has been drawn on the most bitter local dispute since copper was first exploited in the valley in the early Bronze Age, around 3000 BC.

The result of the valley in the around strong a strike to pre-empt a feared company lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed, gorse covered and now a gaping hole nearly 400 metres deep and more than a kilometre long at the company lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed, gorse covered more than a kilometre long at the company lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed, gorse covered more than a kilometre long at the company lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed, gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed, gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed, gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed gorse covered more than a kilometre long at lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddistringed gorse covered more than a kilometre long at lock-out, and the lock-out and lock-out and lock-out and lock-out and lock-out and lock-out and lock-out

The pessimism is shared by
tha Socialist-controlled regional northern boundary of Minas,
government of southern Spain,
the Junta de Andelucia, which
the Junta de Andelucia, which the Junta de Andelucia, which blocked RTM's attempt to impose a mass 18-month lay-off in July and ordered the company to restart its copper operations on October 1. Mr Jose Recio, the Junta's Minister in charge of regional Development, says that the Rio Tinto valley represents "e grave, a very grave problem, perhaps the biggest we've ever faced."

Confrontation came to a head Confrontation came to a head ast month when the three

SIEMENS

prudently retired to their barracks. Scarecrow dummies and company cars were barred

that the copper miners were fed up with the English "ladrones"

According to the proprietors, copper exploitation is atterly unviable for the foreseeable future in the Sierra de Huelva. "It is costing us Pta \$50,000 to produce one metric ton of copper which we are at present able to sell for Pta 185,000 and that's simply operating costs without including financial



charges," said Mr Eduardo Erzama, RTM's spokesman. The company lost Pta 1.18hn (£6m) last year, a further Pta 2bn in the first six months of this year and foresees losses of Pta 4bn for the whole of 1986.

RTM's labour force counters with the charge that the com-pany management has little interest in making the mining complex viable. "Our future lies in new exploration and there is none of thet," said Mr Miguel Romero, the local leader of the Socialist Union General de Trabajadores (UGT) trade

"There are many possibilities, there are the buman and mineral resources to make the mines viable but there is a bad

employer terrorism."
In July RTM took the decision to cease copper production and to suspend a total of 1,300 men, the entire labour force con-cerned with copper operations, was to stop work on the come ation from its employees. "If pany's profitable gold and silver the hoped-for belp from the

mine in Papua New Guinea.

By late Angust the dispute took a new twist when the Junta de Andalucia stepped in. The regional government adopted e report prepared by the UGT which argued the viability of RTM and persuaded the Employment Ministry in Madrid to block the company's

lay-off plan. "First copper pro-duction has to start up again and only then can we talk about RTM's future," said Mr Uppermost in the minds of the junta officials was the fact that, as Mr Recio put it, "RTM is more than a company, it is e sociological phenomenon. Wa're talking about five villages, about 300,000 people, who have lived off copper for more than 100 ware."

ing copper production as a gesture of good faith and at the request of the Junta de Andalucia but it did not pull its punches.

RTM bluntly said it was counting on support from the administration and on collaborpany's profitable gold and silver the hoped-for belp from the operations (the copper seams administration is not forthare covered by a layer of coming," the board statement gossam which contains both said, "the (copper) operations metals) and to declare a strike will cause losses that will at RTM's copper smelter in the nearby port of Huelva where about half of the ore processed is imported from an RTZ copper mine in Papua New Guinea.

The explicit demand by the RTM board that the taxpayer should subsidise the company's

RTM board that the taxpayer should subsidise the company's losses finds a ready echo among the copper miners. "Let the Ingleses go, once and for all," said Mr Romero, the leader of the strike committee. "What As far as RTM's labour force is concerned RTZ holds the whip hand in the company. The other main shareholder, with a 49 per cent holding is Explosivos Rio Tinto, a Spanish conglomerate that received considerable extent and four wars.

siderable state aid four years ago when it faced severe finan-cial problems. The remaining 2 per cent is owned by Banco

Urquijo
The UGT report on the company, which the Junta da Andalucia adopted, alleged that RTZ's dwandling interest in 100 years."

RTZ's dwindling interest in
Last week RTM's board RTM is in direct proportion to
backed down and the giant its growing investment across
excavators began to work again, the border in neighbouring
The company said it was resum-

France and Spain calm conflict over fishing

A TRUCE in the Bay of Bigcay fishing conflict, which came to a head in June when Spanish fishermen blockaded the French port of Hendaye for three days, has removed one of the two main sources of friction remaining between Paris and Madrid.

The settlement was the method entrone of a west-end meeting near Saragosan which brought together foreign, agriculture and defence ministers and other high efficials. Although pro-blems remain between Spain and France over EEC policies and France over EEC policies towards non-member Mediterranean countries—competitors for Spanish farm products—the mood of the talks augurs well for the reception which Mr Jacques Chirac, the French Prime Minister, will get when he visits Madrid on November 6.

Nevember 6.
The talks were the sixth in a series of "summits" begun in 1983 to clear up bilateral misunderstandings, and the first since the Chirac centre-right government came to power in March. French moves to creat dawn on control of the contr moves to crack down on cross-border terrorist activity in the Basque region—10 sus-pects have been handed over

pects have been handed over to Spaniah pelice—has meant that, to the surprise of most Spaniards, the climate is now at least as good as it was when both countries had socialist governments.

Mr Chirae's talks next mouth is due to be followed by a Presidential visit by Mr Francois Mittercand in January, part of a programme of annual contacts agreed between the two countries.

The fishing agreement means that Spanish vessels will be able to resume activity from next week in the contested area of Frenciscontrolled waters in the Bay of Biscay known in Spain as the Eckota Triangle. In an effect to prevent ever-fighter. effort to prevent ever-fishing, Spain has agreed to supply a list of boats due to fish in the area, where they were accustomed to operate under

year.

Fishermen's organisations on both sides of the border are meanwhile being given until June 30 next year to draw up a "code of good conduct" to avert mere ugly incidents. Legal actions in both countries against individual fishing vessels are being dropped, although Mr Francois Guillaume, the compensation would be sought for the

The two sides also moved to co-ordinate their positions on some agricultural dossiers in the KEC, including vegetable oils and the distil-

Polish bishop tells of danger to ecology

By Christopher Bobinski in Warsaw

THE Reman Cathelic Bishop of Katewice in Poland's industrial hearland of Silesia has warned the area faces an ecological disaster if industrial development in unchested

checked.

Bishop Damian Zimon said in a pastoral letter that "further development of industry in Silesia is suicide talk." He urged that coal output in the area, which provides 98 per cent of the country's output be cut.

The Bishop urges the local population to show greater awareness of the problems. Since the early 1980s local officials have tried to resist the heavy industry lobbles which are demanding to be allowed to continue to invest in the area.

allowed to continue to invest in the area.

The Bishop quotes official figures and warms that infant mortality is 15 per cent higher than elsewhere, the incidence of cancer is 30 per cent higher and respiratory diseases 50 per cent higher.

FINANCIAL TIMES ed by The Financial To-Main, and, as members of the Board of Directors, F. Burlow, R.A.F. McClean, G.T.S. Demer, M.C. Gonnan, D.E.P. Palmer, London, Printer: Frankfurtar-Societika-Printer: Frankfurter-Societies-Druckerel-GathH, Frankfurt/Main. Responsible editor: C.E.P. Suith, Frankfurt/Main. Guiollettrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1996. FINANCIAL TIMES, USPS No. 190640, published daily except Sun-days and holidays. U.S. subscription days and someony. U.S. subpuription rates \$385.00 per cumm. Second class postage paid at New York, N.Y. and at additional mailing of-fices. POSTMASTER: send address flees. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 99th Street, New York, N.Y.

Chirac to plead for Paris to host Olympics

MR JACQUES CHIRAC, the French conservative Prime Minister, is planning to make a last ditch effort to win the

a last ditch effort to win the 1992 Olympics for France by pleading personally the case for hosting the games in Paris before the International Olympic Committee (IOC) in Lausanne later this month.

The initiative of Mr Chirac, who is also mayor of Paris, comes at a time when Barcelona appears to have taken a clear lead in the 1992 Olympic stakes. The final choice for both the sites of the 1992 summer and winter Olympics will be taken by the 88 members of the IOC in a vote in Lausanne on October 17.

Mr Chirac plans to argue the

bers of the IOC in a vote in Lausanne on October 17.

Mr Chirac plans to argue the case of his city before the Olympic panel the previous day to try to swing the vote in favour of the French capital for the summer games. France is also bidding to host the winter Olympics in 1992 at Albertville in Savoy. Its chances of clinching the winter games for Albertville are extremely good and much stronger than those of Paris for the summer Olympics.

Lobbying by the leading candidates for the games has intensified as the Lausanne deadlina gets closer. At the istest count, Barcelona is believed to be able to rely on about 42 of tha 88 IOC votes bringing it within a hair's breadth of the required majority of 45 votes.

But France, which has mounted a campaign backed by both President Frances, which has mounted a campaign backed by both President France, which has mounted a campaign backed by both President France, in the games should be held in France since 1992 will be the centenary of the appeal launched by Baron Pierre de Coubertin for the revival of the Olympic Games.

France has also suggested that

Games.
France has also suggested that it should host both the summer and winter Olympics to mark the centenary of the appeal of the French founder of the modern games just as it did in 1924 when the summer games were held in Paris and the winter Olympics at Chamonix. were held in Paris and the winter Olympics at Chamonix. However, since the last war no country has hosted both the summer and winter games. For its part, Barcelona has the advantage that it would be the first time Spain hosts the games, while they have been held in France in 1900 as well as 1924. Moreover, Barcelona amounced it was a candidate for the games in 1981 well

announced it was a candidate. Olympic Committee had indeed for the games in 1981 well felt that not to support France before Paris three years later, prompted in large part by the success of the 1984 Los Angeles

Olympics.

The factorists paintier said on radio that members of the committee had indeed would be playing into the hands of the terrorists.

He added that these parts of the added that these prompted in large part by the success of the 1984 Los Angeles.

The mancial success of the ability to come successfully to Los Angeles games radically grips with terrorism. He also changed the attitude of said thet they had been imcountries and cities towards the pressed by the way tha world Olympics whose attraction for volley ball championships promoters had stumped after the which have just ended in Paris terrorism in Munich and the were organised.



financial fiasco of Montreal. While Los Angeles had been the only candidate for the 1984 games, there are this time six candidates for the 1992 summer

Apart from the two front sible outsider for the summer 1992 games. The other three candidates given little if any chance at all are Amsterdam. Belgrade and Birmingham. The candidates for the winter games apart from Albertville are Falun in Sweden, Berchtesgaden in West Germany, Anchorage, Cortina d'Ampezzo, Lill hammer in Norway and Sofia.

The fact that the president of the Olympic committee is a Catalan is also viewed in Paris as an additional advantage for Barcelona. However, Mr Juan Antonio Samaranch, tha president of the committee and the com dent of the committee and a former Spanish sports minister under Spanish sports minister under General Franco, has gone at great lengths to stress his impartiality and has indicated that he will not take part in tha crucial vote in Lausanne at the end of next week.

But French lobbyists have also been going round suggesting that Mr Samaranch has been promised a title by King Juan Carlos of Spain if Bar-

Mr Chirac also claimed yesterday that the recent wave of terrorist bombings in Paris had not reduced the French capital's chances to host the games. The French Prime Minister said

The financial success of the ability to come successfully to

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The maximum requirement for members' crude in the fourth quarter is put at 17.5m b/d after taking into account other supplies.

demand, however, is likely to be much lower because of the big build-up of stocks in the third quarter as a result of a high level of Opec production in July and August when it averaged over 20m b/d.

Preliminary data available to the Paris-based agency indicates that stocks rose at a rate of 1.6m b/d during the third quarter in the 22 industrialised quarter in the 22 industrialised; states making up the Organisa-tion for Economic Co-operation and Development which is re-sponsible for about three-quarters of oil consumption out-side the communist world.

Build up

The revised data for the second quarter of 1986 show an increase in OECD stocks of 1.2m b/d.

Parameter of Markets The IKA's latest monthly oil market report says that the third quarter build up is likely to be larger than 1.6m b/d when the volume of leng haul oil lifted in late August is known.

"The rate of stock drawdown in the fourth quarter of 1986 will of course affect the need for liftings during the period," it says. Inventories in OECD member countries are estimated to have totalled 440m tonnes on October 1 compared with 416m tonnes e year earlier. They amounted to 96 days of forward consumption.

Th IEA reckons that Opec crude eutput was about 16.8m b/d last month in line 16.8m b/d last month in line with the interim agreement reached here in early: August. Then 12 of the 13 members undertook to observe quotas restricting their collective production to 14.8m b/d in September and October.

Norwegian krone Interpol to comes under renewed pressure

BY FAY GJESTER IN OSLO

Mr Hakon Kristoffersen, head of the foreign currency section of Christiania Bank, said he was surprised to see the trend continuing. He added, however, that there appeared to be no sign of a jet up.

PRESSURE on the Norwegian budget, with industrial and

MKr Ibn befere midday.

Mr Hâkon Kristoffersen, head of the foreign currency section of Christiania Bank, said he was surprised to see the trend continuing. He added, however, that there appeared to be no sign of a let up.

The Osle stock exchange reacted negatively to the out of control.

Unions, employers step up action in Swedish strike

SWEDISH UNIONS and employers have decided to step np action as the public sector strike enters its second week. For the moment, neither side shows signs of getting back to the negotiating table.

More workers are due to come out on strike this week. The employers heve come np with their traditional retaliatory step, threatening to lock out over 2,000 bus drivers and local transport office workers from next Monday.

Alreedy, more than 19,000 public sector workers have come out on strike, including nurses, child care workers, and edministretive staff in the local authority and government offices. Another 600,000 blue-collar workers are currently refusing to work overtime, while more have threatened to

krone continued yesterday despite last week's relatively stringent budget plans for 1967 tabled by the minority Labour Government.

Market sources said that selling pressure came mainly from Norwegian companies and individuals, and was not as strong as iast week, when the Bank of Norway spent an estimated NKr 8bn to NKr 9bn (£752m to £846m) in support buying.

The krone's rate against other currencies was maintained during yesterday morning, but only because the central bank again intervened heavily, spending more than NKr 10n befere midday.

Mr Hakon Kristoffersen, head

Yesterday, the professional workers union, Saco/SR-S. joined the dispute and threatened to bring more than 3,000 members ont on strike, as well as issuing an overtime ham for another 50,000 white-collar washers from the professional strike. collar workers from midnight next Tuesday.

Those called out on strike mostly include edministration workers in the meteorological offices, telecommunications field, and state power company, as well as some prosecutors and ship pilots (whose strike action is meant to cause delays in the delivery of imports and exports.

However, Saco's ection adds confusion to the unions' stance. It had been the only confederation which agreed to the state-appointed mediating commission's final offer tabled in the middle of September.

seek role in fighting terrorism

INTERPOL, the international police organisation, has served notice that it will seek

served notice that it will seek a bigger role in the battle against rising international terrorism. Reuter reports from Belgrade.

The world's top policemen gathered in Belgrade yesterday for Interpol's 55th annual assembly, a week-long event normally aimed at coordinating police efforts in fighting normally aimed at coordinating police efforts in fighting international crime. But Mr Raymond Kendall, the organisation's secretary-general, said last night the meeting would also consider changes to Interpol's statute to give it greater power to combaturban guerrilla groups. Interpol was limited by restrictions in its statute that excluded it from intervening in terrorist cases of a political nature, Mr Kendall said.

Swiss interest rates

Switzerland's hig banks have announced a further cut of 0.25 per cent in their time-deposit rates, John Wicks writes from Zurich. With immediate effect, all maturities from three to 12 months will bear an interest rate of 3.5 per cent. This is the fourth reduction in time-deposit rates since as recently as early July and means a full as early July and means a full 1 per cent drop in three months.

West German growth The IFO economic research institute forecast that indus-trial investment in West Germany wou'd continue to expand in 1987, but at a slower rate than in the pre-vious two years, Reuter writes from Bonn. It said in a report that investment in manufac-turing industry would rise by 5 per cent next year, after increasing by 10 per cent this year and by an unusually strong 16 per cent in 1985.

Gibraltar air request

The Gibraltar Airline GB
Airways has applied to "e
Civil Aviation Authority in
London for the right to fly to
European routes, a major
departure from its present
profile. Joe Garcia writes
from Gibraltar.
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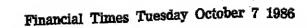
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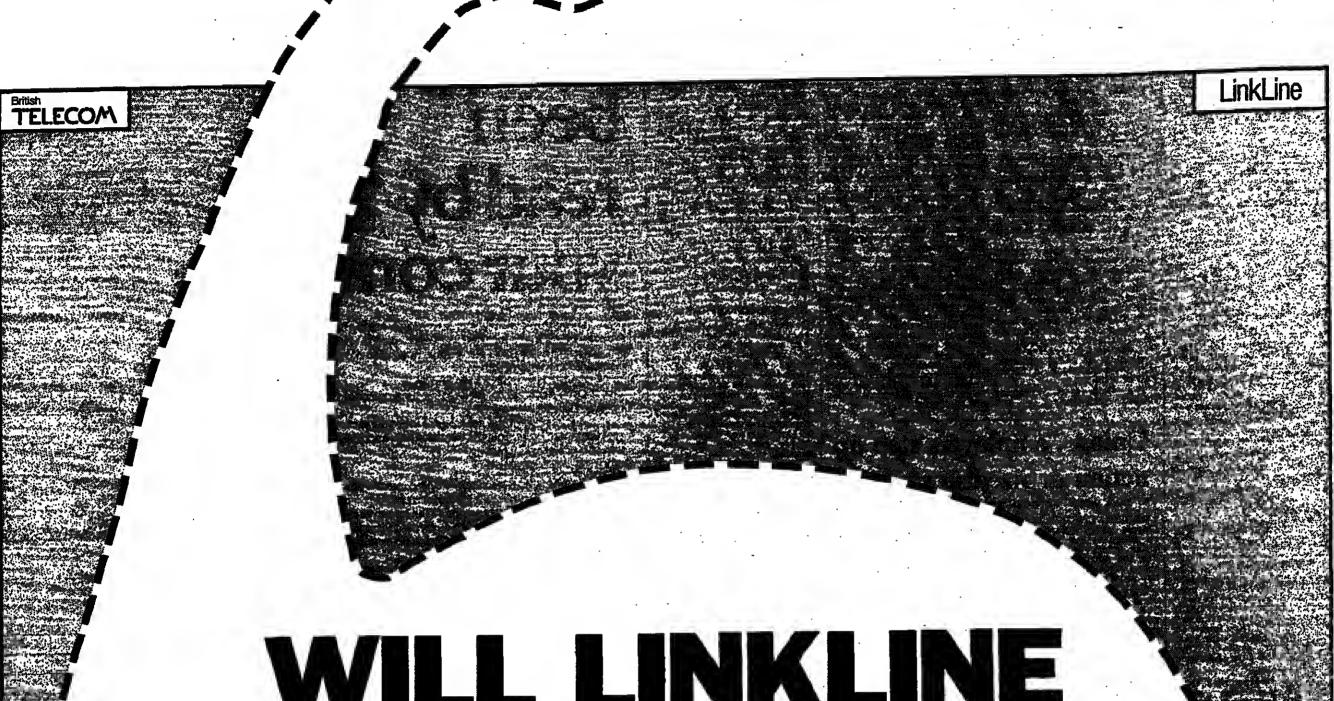
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Congress seeks compromise on defence spending

BY LIONEL BARBER

REPRESENTATIVES of the House and the Senate were locked in talks yesterday aimed at resolving an impasse over defence spending and proposals which would curb President Ronald Reagan's flexibility et the Iceland talks.

A \$562bn spending bill,

A \$562bn spending bill,

A \$562bn spending bill,

A \$562bn spending bill,

Ronald Reagan's fiembility et the Iceland talks.

A \$562bn spending bill, already passed in the Democratic-controlled House, would reduce spending on the so-called "Star Wars" Strategic Defence Initiative, impose moratoriums on testing antisatellite and nuclear weapons, and require an end to the production of chemical weapons.

The bill would also force the Administration to comply with Administration to comply with the limits on the unsigned Salt II strategic arms limitation

legislation covering similar issues, but in much milder form. The Senate bill would cut the lies senate but would cut the fiscal 1987 SDI budget by\$700m less than the House to \$3.9m. The Senete also epproved a non-binding resolution calling for negotiation of a comprehensive test ban treaty and ratification of Products to the control of of pending treaties restricting underground tests.

The White House has been fighting Congressional efforts t oreduce defence spending and

to drop those proposals which would tie his hands. He has threatened to veto the spend-ing bill unless Congress meets his demand.

A conference committee of the House and the Senate was meeting yesterday to try to fashion a compromis. One Con-gressional official said that the The bill would also force the administration to comply with ha limits on the unsigned Salt I strategic arms limitation igreement.

The Senate has also approved egislation covering similar ssues, but in much milder form. The Senate bill would cut the sumstance of the Senate bill would cut the summit atmosphere."

The Senate bill would cut the summit atmosphere is next the summit atmosphere is next to be said. President Beagan is particularly sensitive to Congressional pressure for e nuclear test ban. In recent statements, the Soviet Union has made a moratorium on nuclear testing a centreplece of its pressummit propaganda.

De Lorean fraud trial opens

THE TRIAL opened yesterday of former car maker Mr John De Lorean, who is accused of defrauding investors in his defunct Belfast sports-car company of \$8.9m, AP reports from Detroit.

The first two weeks is expected to be taken up with jury selection. The trial at the Detroit district court has been delayed 11 months.

delayed 11 months.

A grand jury indictment last year accused De Lorean, 61, of syphoning money from De Lorean Research Ltd, a company created to psy for technological development of the advanced sports car, into various Euro-pean banks and then into his

pean banks and then into his own accounts.

The indictment alleges that De Lorean spent more than \$8m of the money to repay loans and \$28,000 to buy e gold ring and gold bracelet.

He is also accused of racketeering, a catch-all term in US law covering various criminal activities, usually involving monetary fraud. The maximum penalty is 20 years

a plant in Northern Ireland.
The company filed for bankruptcy in 1982.
In 1984 ha was acquitted of
handling \$24m worth of

Peter Montagnon on a change in attitude by Latin American debtors and creditors

Mexican package signals new approach

would be an increasing ten-dency on the part of Latin American countries to take unilateral action to reduce their debt service burden and this ection would involve setting new interest charges below normal market levels.

Most of the bankers present at the two-day conference organised by the International Finance Corporation and the banking magazine Euromoney, took him et his word. They neither panicked nor disagreed.
For the latest rescue package negotiated for Mexico by its major commercial bank creditors last week proved so difficult to agree that once-taboo subjects like interest reterible. relief are now part of the legitimate agenda for debtors and creditors alike.

maximum penalty is 20 years in prison.

De Lorean founded De Lorean Motor Co. in 1975 to build stainless steel sports cars with gull-winged doors at a plant in Northern Ireland. The company filed for bankruptcy in 1982.

In 1984 ha was acquitted of handling \$24m worth of the company filed for bankruptcy in 1982.

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The from being the first of a new type of rescue package, This many bankers regard Mexico's politic even odd-style operations in which regard for new money just so that maintained.

It is easy to see why these Far from being the first of a new type of rescne package, many bankers regard Mexico'e latest deal as the last of the creditors put up large amounts of new money just so that interest payments can be maintained.

It is easy to see why these loans should have lost their pursuit of example are being transferred abroad in shows how unremitting stock of debt outstanding and this piles up problems in the stock of debt outstanding and this piles up problems in the longer term. Reducing debt service, possibly along the lines already adopted by Peru, which limits debt service payments to 10 per cent of exports, is now because it means edding to the stock of debt outstanding and this piles up problems in the longer term. Reducing debt service, possibly along the lines already adopted by Peru, which limits debt service payments to 10 per cent of exports, is now because it means edding to the stock of debt outstanding and this piles up problems in the longer term. Reducing debt service, possibly along the lines already adopted by Peru, which limits debt service payments to 10 per cent of exports, is now already in smaller creditor banks in that US who are already in rehelicular to smaller creditor banks in the stock of debt outstanding and this piles up problems in the stock of debt outstanding and this piles up problems in the stock of debt outstanding and this piles up problems in the stock of debt outstanding and this piles up problems in the longer term. Reducing debt service, possibly along the lines already adopted by Peru, which limits debt service payments to 10 per cent of exports, is now already adopted by Peru, which limits debt service payments to 10 per cent of exports, is now already adopted by Peru, which limits debt service payments to 10 per cent of exports, is now already adopted by Peru, which limits debt service payments to 10 per cent of exports, is now already adopted by Peru, which limits debt service payments to 10 per cent of exports.

"PLEASE, BANKERS, do not panic," urged Dr Carlos of the prospect that they will be alle to resume normal central bank president, as he spelled out the bad news to a conference in Miami last weekend.

From now on, he said, there would be an increasing tendence on the rack of Latin exposure to Latin America current during four years of crisis.

One senior Latin American official, who followed the Mexican talks closely to see whet application they might have for his own country, explained at the International Monetary Fund annual meeting last week that the key to the region's current thinking is its urgent need for a resumption

urgent need for a resumption of economic growth.

Political pressure for growth is building up inexorably in Latin America after four years of economic stagnation and decline. At the end of last mouth Mr Alberto Dahik, Finance Minister of Ecuador, resigned after being impeached by his country's congress for by his country's congress for introducing measures to introducing measures to liberalise local foreign exchange and money market trading.



additional finance is needed to pay for extra imports of capital goods or debt service payments must be cut.
Extra finance at market rates is unattractive, however, because it means edding to the

creditor banks that the latest Mexican negotiations have been marked by an unusually intense level of consultation between level of consultation between large loan exposures and inadebegun openly to question the wisdom of putting np fresh money for the dehtors. The money for the dentors. The put up fresh money simply to latest deal for Mexico, which involves \$6bn in fresh mooey from the banks plus a commitment to put up a further \$1.7bn, hollow victory for Mr James depending on oil price and other economic developments, was struck in principle only after brutal pressure from Mr easing the debt problem. Mr Schirano believes the debt problem is no longer essentially a second of the control of the con ment to put up a further \$1.70n, depending on oil price and other economic developments, was struck in principle only after brutal pressure from Mr Paul Volcker, chairman of the US Federal Reserve Board.

It was an open secret at the Washington IMF meeting that many banks on the Citibank-led edvisory committee of leading edvisory committee of leading creditors were unhappy with the latest psckage. They felt that they were steam-rollered by politicians into e deal thet was unsound from a commercial banking point of view because It hasically involved throwing good money after bad.

In itself, that is likely to make the Mexican package particularly difficult to sell, particularly

Latin America to revive their economies, that some officials vice president of First Interare again talking privately of state Bank, spoke for many the possibility of a viable such banks over the weekend debtors cartel. There is no when he said in Miami that US the possibility of a viable such bank, over the weekend debtors' cartel. There is no when he said in Miami that US sign of this in practice, but it regional banks simply no longer has not escaped the ettention of regard Latin American debt as their problem.
It was, he said, the problem

quate loss provisions. There was no reason why regionel banks should be compelled to put up fresh money simply to

lem is no longer essentially a banking one. Instead, it is the largest single political issue between the US and Latin America, against which "Nicaragua pales by comparison."

Significantly the Central Intelligence Agency sent e dele-gate to the Miami banking conference. The US Department of ference. The US Department of the Army sent two and the State Department four. Mr Baker's Treasury officials were con-spicuous by their absence—but bankers believe that in Its turn his department will soon come under pressure to pick up a larger share of the debtors' tab.

Mrs Gorbachev catches White House on the hop BY STEWART FLIMING, US EDITOR, IN WASHINGTON

THE WHITE HOUSE was wrestling yesterday with the question fo how to respond to a summit surprise by Mr Mikhail Gorbachev, the Soviat both leaders wives accompanied by the sound of the sou lesder—his decision to bring with him to Reykjavik his

with him to Reykjavik his telegenic wife Raisa.

Mr Larry Speakes, tha White House spokesman, conceded that Washington only learnt about the Soviet move from a report on Icelandic television on Saturday. "We were surprised to learn that Mrs Gorbachev is coming." he said.

Mr Speakes said Washington saw the meeting in Iceland as saw the meeting in Iceland as a straightforward business meeting" and had only planned on taking a limited number of public officials, Mrs Reagon not heine one of them.

At the last full summit in Geneva in November last year both leaders wives accompanied their husbands. Mrs Gorbachev, who shares Mrs Reagan's taste for elegant clothes, has made a striking impression in such bastions of haute couture as Paris and London.

Mrs Gorbachev's appearance in Reykjavik is bound to attract the attention of the dozens of underemployed western camera-men if, as the White House wants, a news blackout prevails.

This could only work to Me Reagan's disadvantage and give the Soviet's a better chance of stealing the limelight. But to He declined, however, to draw the conclusion suggested by reporters that the Soviet decision suggested that they were the conclusion and this late stage casts President Reagan in a defensive and reactive mode. throw Mrs Reagan into the fray

Supreme Court upholds Polaroid's patent claim

BY NANCY DUNNE IN WASHINGTON

THE US Supreme Court, with a new chief justice and a new member, yesterday opened its 1986-87 term by npholding a lower court ruling that Kodak infringed patents held by Polaroid in s case which forced Kodak ont of the instant photography business.

The ruling by the US court of Appeals in April forced Kodak to stop producing instant film and cameras, a loss to the company of about \$100m a year. The decision also left 16.5m owners of Kodak instant cameras unabla to get film.

Tha decision may be one of the least contentious this year. Tha ideologically-divided court, led by one of the most controversial chief justices in its history, must rula on a wide range of difficult questions, Mr William Rehnquist took the bench as chief justica for the first time after e bruising Senate battle, which ended with the chief of the court will bear a challenge to 2 California. the first time after e bruising Senate battle, which ended with a third of the senators voting

On Wednesday the court will bear a challenge to a California law which requires businesses gainst him.

Mr Antonin Scalia, the new unpaid maternity leave,

Poll reveals opposition to Chile's state of siege

BY MARY HELEN SPOONER IN SANTIAGO

TWO OUT OF THREE Chileans oppose the state of siege, according to a poll by the liberal Centre for Contemporary Studies taken during relative political calm in the summer.

A state of siege was reimposed after the attempted assassination of Gen Augusto Pinochet on September 7.

Tha measure gives the government extraordinary powers to Tha measure gives the government extraordinary powers to deal with internal security threats, such as arresting)

up demonstrations, such as the use of tear gas and sticks against protestors.

Marcos in \$10m, Philippines suit

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FORMER Philippines president Mr Ferdinand Marcos has asked a federal judge for permission to sue the Philippine Government for at least \$10m, AP roperts from Honolniu.

His claim follows a move by the Philippine Government of

the Philippine Government of Mrs Corazon Aquino to recover \$1m in Philippine pesos taken from Marcos by US customs officials when ha arrived in

awaii last February.

Marcos said the Philippine
Government was keeping him
in the US against his will, seizing his property, defaming his
reputation and violating his
rights and his privacy.

US dock strike postponed

US EAST coast ports were back to normal yesterday after \$0,000 dockworkers returned to work. William Hall reports from New

The three day strike ended after employers and dockers agreed to extend the current labour contract for another 45

Port officials said the dockers were working normally pending further negotiations between the International Longshore-men's Association (ILA), the Atlantic Shipping Associations.



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By Ohi Virtanen in Helsinki FINLAND'S costly trade sur-plus with the Soviet Union will be partly alleviated by setting up a new interest-bearing account for about \$350m

(£243m).

Finland's total surplus for 1986 is expected to reach \$800m. The move is a major concession by Moscow which until now has regarded the imbalance as only temporary which did not reregarded the imbalance as only temporary which did not require special arrangements.

The terms of the special account have not yet been egreed although, eccording to Finland'e Foreign Trade Minister, Mr Jermn Laine, they would include a "world market interest" and guarantees on the exchange rate of the rouble.

Finnish officials worry that Moscow will devalue the rouble in the face of its declining export earnings.

The surplus in Finland's favour accrues from low oil prices which reduces the value of imports from the Soviet Union. The maximum surplus either way agreed in the bi-

in energy-starved Guangaong province, where heavy infrastructure spending has been made by the Chinese Government in anticipation of oil finds in the South China Sea, the feverish activity in Hainan contrasts painfully with the steady depopulation of would-be oil hases like Zhanjlang and Shekou.

David Dodwell on the development of a neglected Chinese island

Hainan turns key on gas-based future

LIN SHUYIN, head of the Planning Commission in the remote and neglected island of Hainan off China's southern coast, is drafting plans for an array of heavy industrial projects that are likely to transform the fece of the island's

The plans relate to tha The plans relate to the estimated 3.25bn cubic metres of natural gas that should be arriving onshore by 1989 from the Yinggehai Field recently discovered by a joint venture comprising Atlantic Richfield (Arco), Santa Fe Minerals of the US and China's National Oil Corporation (CNOOC). They range from e power plant to cement and fertiliser producrange from a power man to cement and fertiliser produc-tion and include projects for sponge iron manufacture, as well as a glass plant and a factory processing the rich local reserves of titanium.

Celebration over the consider-eble boost natural gas will give to Hainan's economy would be all the greater if it were not offset by the litany of failures recorded by most other inter-national oil companies as they have searched for oil in the South China Sea. In energy-starved Guangdong

For those who remain opti-mistic that oil will eventually be found, Mr Lin's ambitious plans provide a vivid illustration of how powerfully oil dis-coveries could boost the economy of southern China as governments at local, provincial and national levels come to grips with the gigantic task of modernisation.

Initial appraisals of the Yinggehai gas field 100 km south-west of Hainan, suggest total reserves of 90bn cubic metres, which would make Yinggehai the largest gas field in China. Arco recently committed itself to reliant applications. mitted itself to piping onshore 3.25bn cuhic metres a year, starting in 1989.

starting in 1989.

From the landfall et Meishan, the Hainan authorities intend to tap almost one third of the gas coming onshore. CNOOC plans to channel the rest onto the mainland, where it would be piped into Chinese homes along the length of the south China coast, and could be used for power generation and numerous other heavy industrial projects.

numerous other heavy industrial projects.
Whether these latter ideas
materialise depends partly on
whether finance can be
obtained for the \$400m pipeline, and whether utilities in
Hong Kong can be persuaded
to buy gas for hard currency.
In Hainan, first priority will
be to supply 120,000 households
—perhaps a sixth of the
island's 5.9m population—with
gas for domestic use.

A 100Mw power plant, cost-



ing RMB 200m (£37m) and using almost 20 per cent of the gas allotted to Hainan, is already under construction, and is intended to be ready the moment the gas starts flowing

A 500,000 tonne synthetic ammonia plant, which is likely to be located near the power plant in Hainan's northwest, is likely to be the heaviest single user of the gas alloted to Hainan—perhaps as much as 470m cubic metres a year. Proposels for the \$200m plant are

massive Siln iron mine in the massive Siln iron mine in the west of the island, a glass plant making almost 3m cases for plate glass a year and using the island's fine sands and a plant making transum white, a chemical in short supply both in China and worldwide.

Mr Lin insists that concern on the part of officials in Peking over the availability of sufficient electricity for the planned steel plant has been overcome, and that the me, and that the 700m plant should early in the 1990s. RMB Both the glass and the titauium white factories will need foreign partners, and will be relying on the export of at least part of the planned output to meet foreign exchange

Further fuelling optimism on the island is the resumption of onshore exploration for oil in the Foshan depression in the

power plant in Haman's northwest, is likely to be the heaviest
single user of the gas alloted
to Hainan—perhaps as much as
470m cubic metres a year. Proposals for the \$200m plant are
under way with a prospective
Kuwaiti partner.

An application has been made
to Peking for construction of a
300,000 tonne a year cement
plant, likely to cost RMB 140m,
and a feasibility study is now in
progress.

The remaining three projects
are intended to exploit Hainan'e

help finance Turkish motorway

EXIMBANK of the US is to make \$200m (£138m) available for the financing of a 280-km motorway between Ankara and Gerede, to be built by e consortium of Bechtel of the US and Enka Insaat of Istanbul. The consortium, which is one of a number bidding for major trunk roads contracts in Turkey, was awarded e letter of intent by the Government in

The government of Mr Turgut Özzl is planning to build major motorways linking Istanbul with Ankara and also with lower and ultimately Adama at the far end of the country's Mediter-ranean coastline.

renean coastline.

The total cost of the AnkaraGerede motorway is expected
to be around \$400m and it is
assumed that the remaining
portion will be financed by a
loan from the international
commercial banks, of which
Enks is thought to have already
secured \$50m.

Eximbank is already support

secured \$30m.

Eximbank is already supporting Bechtel with a \$400m, credit for a 2 x 489 Mw coalfire power plant planned for Tekirdag on the coast of the sea of Marmara near Istanbul, where Bechtel is leading a consortium negotiating on the "hulld-own-operate" basis tavoured by the Ozal government.

Eximbank to Egyptian military city order goes to British company

A BRITISH company hes won a contract from Egypt for construction work at a new military city west of Alexandria under a British Government backed £150m line of credit. The contract went to Cementation International of the U.S. British companies have \$150. British companies have also been successful in securing contracts for a new tank factory being built near Cairo, utilising the same credit facility.

Agreement on the UK credit, backed by the Export Credits Guarantee Department (ECGD) was signed in June.

Lloyds Merchant Bank is lead manager of the credit line which has been made available exclusively to Egypt's Ministries of Defence and Military Froduction.

Desgram Long Overseas will supply structural steel com-ponents for the tank factory at which Egypt plans eventually to assemble its own battle

Factory 200 will also he used to service Egypt's US-supplied M-60 tanks which are the backbone of its armoured regi-ments,

Ajax Machine Tool Company of the UK has been awarded a £350,000 contract to provide equipment for the factory's main production line.

United Builders Mexchants of the UK is expected to pro-vide construction materials for military city at

Hamam. Meanwhile, Field-Marshal Abdel Halim Abu Ghazala, the Egyptian Defence Minister, was quoted by the local press as saying that the American M-1 battle tank would be approximately at the new tank manufactured at the new tank

factory, However, the M-1 is believed to be just one of several con-tenders, including the Vickers Mark 7 which underwent trials in the Egyptian desert last year. It is expected to re-trial in the new year.

Other contenders include the Italian Oto Melara OT-40 and the Brazilian Onsorio. Field-Marshal Ghazala is alsa reported to have announced that Egypt would phase out its ageing Soviet-supplied tanks, including the T-54.

In an address to newspaper editors on Sunday, Egypt's President Hosni Muberak defresident Hossii Muparak de-fended military expenditure against opposition criticism, saying; "With a strong army capable of defending the country, all other parties, be they regional or non-regional powers, will not take us

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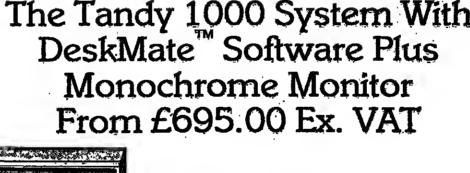
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Chile copper group fixes credit line with UK bank

CHILE'S state-owned copper The World Bank is acting as company. Codelco, has arranged guarantor of the new commer-a line of credit with a UK bank, cial bank lending of \$250ma line of credit with a UK bank, reinforcing a move away from US sources of supply for a its \$2.6bn (£1.8bn) investment and purchasing programme over the next five years.

The sterling credit, for contracts won by UK companies in the next 12 months, was arranged with the export finance arm of Midland Bank and is backed by the British government's Export Credit Guarantee Department.

Details of the agreement

Department.

Details of the agreement emerged in London yesterday as a delegation from Codelco was briefing about 160 British companies on the mining company's requirements.

to the relative strength of the dollar against European cur-

But the move may also be seen as a precaution against deterioration in Chile's relation-ship with the US following the recent internal crackdown in the wake of last month's assauing tion attempt on Gen Augusto Pinochet,

\$300m in the copper mines over the next five years to maintain production in the face of falling ore grades and a price slump in the last two years. Copper accounts for nearly half Chile's

pany's requirements.

Mr Holger Bannach, Codelco's executive manager for procurement, said encouragement of non-US suppliers had been due to the relative strength of the dollar against European sur-Japanese increading their share of project work and equipment supplies. Mr Bannach said some Japanese trading houses had provided 100 per cent finance.

Codelco is also buying more
Codelco is also buying more

from Western Europe, ircluding Sweden, Finland and West Germany, according to the British The US Administration embassy in Santiago.

warned this summer that it may vete a furthorming World Bank loan of \$250m to show its disapproval of the military regimes abuse of human rights.

many, according to the British embassy in Santiago.

Yesterday's briefing at the London Chamber of Commerce was inbbied by demonstrators from the Chile Solidarity Campaign.

łį

EEC set to retaliate over US defence bill

THE EUROPEAN Commission has told the US that its access to EEC government contracts may be severely curtailed if Congress includes new "bny American" clauses in a defence bill, Reuter reparts,

Commission officials yesterday released the text of a letter sent last week to the US State Department expressing alarm at the clauses contained in a House of Representatives hill.

Tha measure would require the US Defence Department to give priority for contracts to US companies if the gap hetween their bids and those submitted by foreign companies did not exceed 5 per cent. This would apply provided the US companies to provide the US companies of products, altrebung.

Commission officials were unable to give figures about recent EEC purchases of US goods under the same code.

Congressional aides said last week that the "buy American" provisions were part of Congress's continuing effort to curb imports. But Reagan Administration officials warned that if the clauses became law, they would inevitably trigger retaliation.

These moves to increase construction companies if US the US Defence Department to give priority for contracts to US companies if the gap hetween their bids and those submitted by foreign companies did not exceed 5 per cent. This would apply provided the US companies' products had at least 50 per cent US content.

"These moves to increase protection for US firms would ... yiolate the Gatt (General Agreement on Tariffs and Trade) agreement on govern-ment procurement and will be counter-productive in any future review or renegotiation," the

The EEC believed that the adoption of the House bill would "seriously impair" the benefits the Community obtains from a code designed to open competition for government contracts to ali Gatt contracting parties," the letter added.

If this proved the case, the EEC "would be obliged to consider the suspension in whole or in part" of its application of the code to the US, the letter went on.

The US may raise protectionist harriers against Japanese construction companies if US groups are not given fair access to Japan's market, Mr H. P. Goldfield US Assistant Secretary of Commerce, said.

The US has demanded that the hidding system for major construction projects in Japan be made "open, transparent and non-discriminatory," he added.

be made "open, transparent and non-discriminatory," he added.
"US (design, engineering and construction) companies are... extremely competitive throughout the rest of the world but are not even allowed to compete in Japan, and that just is not fair." he said. "US firms are running out of patience."

Mr Goldfield is leading a commission of US government and business representatives to urge Japan to give foreign companies a fair chance to bid for contracts on new large build-A commission spokesman contracts on new large build-said that in 1984, the code ing projects.

Jakarta surplus falls

Indonesie's trade surplus fell to \$275.9m (£191m) in July compared your \$1.20bn compared pared with \$784.9m in June and with imports of \$926.9m.

\$1.01bn in July 1985, mainly because of a sharp fall in exports, Information Minister exports of \$1.756bn and \$747.2m \$1.01bn in July 1985, mainly June exports were \$1.67bn because of a sharp fall in exports, Information Minister Harmoko said yesterday, Reuter reports.

Provisional figures showed Statistics Provisional figures showed

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Israeli bombers hit eight villages in N Lebanon

It was not clear whether the strike was in retaliation for a particular guerrilla operation.

Israel has reserved the right to strike suspected guerrilla

targets at will.

The raid came two days before Mr Shimon Peres, the before forming his own Israeli Prime Minister, visits organisation, grouping radical Paris and followed accusations Lebauese Christians. by the French Government against members of a north Lebanese family for a series of bomb attacks in the French

ISRAELI warplanes bombed eight villages in the north Lebanese province of Akkar yesterday directly hitting a base, training fields and an ammunition dump used by the Marxist Popular Front for the Liberation of Palestine.

It was the first Israeli air strike in north Lebanon in 15 months but the 12th in Lebanon this year. A PFLP official in the village of marks last month of the porticity of Tripolt, said seven fighters were wounded and two civilians alightly injured.

The air raid centred on a brothers, now living in Qobayat, for nlanting the bombs and

The air raid centred on a cluster of villages 25 km northeast of Tripoli and Palestinian refugee camps on the edge of the northern harbour.

It was not clear whatheast in Government has blamed Abdallah's four brothers, now living in Qobayat, for planting the bombs and offered awards of up to FFr 1m (£100,000) for information leading to the suspects.

ing to the suspects.

The brothers have proclaimed their innocence to journalists in Lebanon and are planning to file a suit against the French Government to clear their name. George Abdallah was a PFLP member

Lebanese Factions, which Abdallah allegedly beads, claimed responsibility for the killing of American and Israeli

Complaints on Chinese price rises

admitted for the first time yesterday that rising prices had caused widespread com-plaints from consumers and hindered the introduction of lts politically sensitive and ambitious price reform policy.

A Government circular released last night said more than 146,000 cases of price control violations had been of the year.

The State Administration of Commodity Prices said the violations "have directly harmed the interests of conharmed the interests of con-sumers whose complaints have been increasing." The ad-ministration is to introduce a stringent inspection pro-gramme designed to uncover price rises, 70 per cent of which are bisined on retail outlets and private business-men.

men.

China's inflation rate is officially put at about 7 per cent though diplomats suggest the rate could be almost

It has been reported that concern over rising prices prompted a minor rist several weeks ago in the central Chinese city of Xian. Officials have refused to comment but several newspapers have one. several newspapers have sug-gested fears of huge price increases are unfounded.

Syria accused of involvement in plot to bomb El Al airliner

agreed to carry out attacks on Is-

Presenting opening arguments at the trial of Nezar Hindawi, 32, the Crown prosecutor said Hindawi told investigators he met the intelli-gence chief in Damascus and was given \$12,000 to destroy the El Al Boeing 747 carrying 375 people as it flew over Austria in April.

Hindawi, a Jordanian, is accused of attempting to have his pregnant. Irish girlfriend carry a bomb hidden in her luggage aboard the plane. He has denied the charge and two counts of illegal possession of a handgun and ammunition.

police after his arrest that he delivered a letter to the Syrian ambas-Haydar, when the plot foiled and the envoy called Damascus for fur-

Murphy, 32, was the first witness called by the prosecution. She told Heathrow airport believing Hinda-wi would join her on a later flight to

SYRIA was involved in a plot to plomats in May after their embassy bomb an Israel jumbo jet out of the refused to permit police to question sky and the man accused of the atnpt told police he met the head of the aircraft. Syria has denied in-

volvement in the plot.
Hindawi, who describes himself raeli targets, a British prosecutor as a journalist who worked for Arsuld yesterday, Renter reports from don, had travelled to Jordan, Italy and Eastern Europe during the months leading up to the attempted

> He returned to Britain carrying a Syrian passport, issued in a false name in Damascus and of the kind normally used by government off cials, the prosecutor said, adding:

There is convincing evide that he was acting in concert with agents of the Syrian Government and acting on behalf of a group call-ing itself the Jordanian Revolutionary Movement."
Hindawi allegedly told police that

nd two counts of lifegal possession of a handgun and ammunition.

Syrian Arab Airlines' crews brought explosives, guns and drugs into Britain and that he was given the bag containing the bomb at a London hotel with advice to choose

a girl to carry it.
The bomb was found by an El Al security agent as Miss Murphy pre-pared to board. It had already and would have exploded about two hours after takeoff.

Hindawi met Miss Murphy after she came to London from Ireland in 1984. The prosecutor said: "Anne Murphy is no suicide terrorist bom-

To Mr Smith it's a

Miss Murphy told the court she had had a close relationship with Hindawi. Ten days before the attempted bombing be appeared at her London flat and told her he wanted to marry her in the Holy

They made travel arrangements and as they drove to Heathrow in a taxi an April 17, Hindawi connected the fimer for the bomb which contained more than 1.3 kg of plastic

The prosecutor said: "She be-lieved he was going to another terminal to catch another flight and he kissed her goodbye."

Hindawi told police that he then returned to his hotel. When he earned the plot had been uncovered he went to the Syrian embassy to present the ambassador with a letter and was greeted warm-

ascus, Hindawi was taken to a house in West London where his hair was cut and dyed. "The following morning two men tried to take him to the embassy but he took

Hindawi checked into another London hotel but was arrested the next day when a receptionist reported his presence to police, recog-

Paris asks for help to curb bombs

MR JACQUES CHIRAC, France's Prime Minister, confirmed yester-day that France had asked Syria for help in curbing Middle Eastern groups believed responsible for a wave of bombings in Paris last month, Reuter reports from Paris. Interviewed on French radio, Mr

Chirac said Paris had asked for "support in controlling terrorist fac-tions in Lebanon and the Middle East which the Syrians must be aware of and on which they have better information than we do." Ten people died and more than

160 were injured in last month's bombing campaign, which was aimed at securing the release of three prisoners jailed in France for crimes of Middle East political vio-

Meanwhile, the Chirac Govern ment came under renewed pressure yesterday to negotiate with the shadowy Islamic Jihad (Holy War) group which is holding three Frenchmen hostage.

In a statement delivered in Be rut, the group said it would release the three in exchange for 17 Shia Moslem militants jailed in Kuwait for the 1983 bombing of the US and French embassies.

French officials said the group had from the start linked the bos tages' fate to the release of the pris oners in Kuwait, but yesterday's statement was the clearest sign that it was ready for a straight WH SMITH . BOOKS FOR STUDENTS . ATLANTA NEWS AGENCY . SHERRATT & HUGHES . OUR PRICE . DO IT ALL . CLASSIC BOOKS

Black trade union groups unite

By Anthony Robinson In Johannesburg

THE two major black South Afriwhich decided to remain outside the Cosatu "super-federation" on its formation last December have united to create a new lederation

For want of a better name the new federation will be known temporarily as the Cass/Azactu federation joining together unions affiliated to the Council of Unions of South Africa (Cass) of Trade Unions (Azactu).

According to the new federa-tion's president, Mr James Mndawennl, the new grouping has 248,000 paid-up and 420,000 signed-up members; roughly half the size of the Congress of South African Trada University South African Trade Unions

merged are both associated with the black consciousness philoso-phy which insists that blacks alone should form their own in-

White trade unions and white lawyers helped to build up the black trade union move

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BOOK CLUB

Hawke prepares to change wage system

AUSTRALIA will soon see a big change in the operation of its centralised wage-fixing system, to judge by a series of state-ments from senior Labor Government ministers and lead-ing trade union officials.

The change is likely to be enshrined in a fresh agreement between Government and unions which, Labor bopes, will boost its re-election hopes. While it will introduce greater wage flexibility, the aim of the change is to preserve restraint. The shift coincides with a

drop in the Government's popularity and gains by the opposi-tion coalition of the Liberal and National parties. The next election is not due until 1988. Officials from the Australian Confederation of Trade Unions have made clear workers cannot be expected to tolerate a further period of "partial indexation" in which wage rises

have fallen short of price

since Labor and the unions reached a second prices and incomes agreement in September last year. The egreement replaced an accord struck in 1983 shortly before Labor won

Mr Bob Hawke, the Prime Minister, last week acknow-ledged that the indexation, ledged that the indexation, which has been a feature of the agreements, is dead. Interest therefore focuses on what is its

formula is a two-tier system in which low wage earners receive percentage increases linked to price rises. The inflation rate is now 8 per cent but increases are likely to be less than this. Higher wage earners could expect spill smaller increases. At the heart of the proposed formula is a powerful Government desire to prevent wage increases undermining improvements in Australia's competiave fallen short of price tiveness brought about by the depreciation of its currency Such discounting has operated since early 1985.

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PAPERCHASE

Six S. African soldiers injured by landmine

By Anthony Robinson in Johannesburg

SIX South African soldiers were injured yesterday when their military vehicle detonated

their military vehicle detonated a landmine near the Mozambique border.

The Bureau of Information said the mine had probably been planted by African National Congress guerrillas.

Under the Nkomati accord in March 1984 between South Africa and Mozambique, the Mozambican Government undertook to expel ANC units from took to expel ANC units from their former bases in Mozambique and not let the country be used as a channel for ANC incursions. In return the South Africans undertook to end support for Mozambican National Resistance rebels

In recent months, however, Maputo has accused Pretoria of continuing its aid and support for MNR forces, especially in the Beira corridor, which links. Zimbabwe to the port of Beira. The South Africans believe ANC forces have returned to

Hopes rise for mines

By Jim Jones in Johannesburg
SETTLEMENT of a wage dispute between South Africa's
National Union of Mineworkers and Ergo, the gold
and uranium producer, has
raised hopes of an early
settlement of the dispute between the union and the
Chamber of Mines, Ergo is
not a member of the chamber.
Ergo, managed by Anglo
American and which recovers
gold and uranium from old

gold and uranism from old mine dumps on the East Rand, has agreed with the all-black NUM on wage increases ranging from 16.5 per cent to 19.5 per cent for union members.

cent to 19.5 per cent for union members.

The agreement has averted a legal strike threatened after a ballot held by the union last month. The chamber and union are deadlocked in a wage dispute, which the chamber hopes can be settled by mediation, But, although the union is considering the chamber's mediation proposal, it is reluctant to accept increases which differ between unining houses.

Zambia and Zaire agree

ZAMBIA and Zaire have agreed in principle to extend the oil pipeline running from Tanzania to Zambia as far as Lubumbashi in southern Zaire after a meet-ing at the weekend between President Kenneth Kaunda of Zambia and President Mobitu Sese Seko of Zaire aimed at easing strained diplomatic

The 1,060-mile pipeline, which has been plagued by leaks and is due for rebabilitation, carries crude oil from Dar-es-Salaam to a refinery at Ndola in Zambia's copperbelt. Lubumbashi would add about 150 miles to its length.

A communique released after the meeting in northern Zaire also called for more co-opera-tion in the copper mining industry which straddles the Zambia-Zaire border and con-demned South Africa for its repeated raids into neighbouring countries.

states actively opposing and Mozambique.

settlement By Jim Jones in Johannesburg

to oil pipeline extension BY YICTOR MALLET IN LUSAKA

South Africa are bringing increased pressure on the conservative Governments of Malawi and Zaire in an effort tr make them join a united front against Pretoria. The South African Govern-ment has threatened to retaliate against international economic

sanctions by trying to throttle black states dependent on its ports and rallways.
In turn the frontline group
—Zambia, Zimbabwe, Tanzania, Mozambique, Angola Botswana—has warned Zaire and Malawi that cutting the southern trade routes would make them dependent on front-line states for their exports and imports at a time when roads, railways and ports in Mozam-bique and Tanzania would be clogged with goods unable to move through South Africa.

ambia-Zadre border and con-emned South Africa for its epeated raids into neighbour-ng countries.

Thought leaders are angry with Zaire and Malawi because they believe the two are sup-porting South African-backed rebels in Zaire. Angola, Malawi

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AMERICAN NEWS

FT writers report on the sinking of a Soviet nuclear submarine in the Atlantic

Chapter submarine

accidents PREVIOUS incidents involvmarines include:
March 21, 1984: A Soviet submarine collided with the US
aircraft carrier Kitty Hawk off Japan. No injuries. September 20, 1984: A Soviet Golf II class ballistic missile

Golf II class ballistic missile submarine was spotted drifting in the Sen of Japan, with white smoke pouring from its stern. The submarine was reported later to have returned to its base in Vladivostock under its own steam. Summer, 1983: A Soviet submarine sank in the northern Pacific, and 90 crew members died according to US intelligence officials. Even then, any leakage will There is experimental evidence for this assertion in that at least five nuclear submarines

gence officials.

April 9, 1951: The USS George Washington, a missile submarine, ran into the Japanese freighter Nisso Maru, shiding the surface vessel off the southern tip of Japan, and killing two crewmen from the Japanese ship. Getober 27, 1951: A Soviet Whitkey-class diesel-powered salumarine ran aground in a restricted military some in Sweden.

August 22, 1996: A Seviet Echo-1 class nuclear sub-marine caught fire and radioed for help off Japan. Japanese officials later reported that nine crewmen died and three were injured

February 5, 1977: The USS Snook collided with a sonar device being towed by a navy marine's periscope and super-

May 21, 1968: The USS Scar-pion, an attack submarine, was lost with 99 men aboard off the Azeres in the Atlantic. 1968: A Soviet submarine sank
off the Koia peninsula in the
Arctic Sea, according to
recently declassified CIA.

1968: A Soviet submarine sank in the Pacific, and subsequent US attempts to recover the wrock were partially successful. April 10, 1963: The USS Thresher was lost 220 miles off the New England coast with all 129 men, about 1961: Members of a Soviet, submarine crew died of radiasubmarine crew died of radia-tion poisoning after an acci-dent in the Baltic, according to recently, declaration CIA.



THE NUCLEAR technology about the Soviet submarine which cansized in mid-Atlantic yesterday is unlikely to add any detectable amount of radio-activity to the oceans, despite the presence of highly radio-active fission products.

scirve assion products.

Neither the nuclear propulsion system nor the warheads of the 16 SS-N6 halistic missiles in this Yankee-class submarine are expected to leak their radioactivity into the sea for many decodes

be so slow as to be undetectable against the background of natural radiation from dissolved

at least five nuclear submarines—two US and three Soviet—aiready lie on the orean bed, but no one has reported increased levels of radioactivity. The Yankee-class submarine is an elderly design, dating from the 1980s, and comparable with Britain's Polaris strategic nuclear deterrent.

The Yankee-class submarine is an elderly design, dating from the 1960s, and comparable retained its integrity, the highly radioactive part of the boat's muclear deterrent.

Like the Polaris vessels, it is powered by a pressurised water reactor—in this case, of Soviet vessel to resist the water pressure to cruise submarined et high speeds for many weeks so as to avoid patrolling US, British and French hunter-killer reactor about the reactor submarines.

If this comparament has retained its integrity, the highly radioactive part of the boat's muclear inventory is wrapped in three layers of protection. These are the submarine hull itself, designed as a pressure vessel to resist the water pressure avoid patrolling US, British and French hunter-killer.

The fuel core shout the size

nf French hunter-killer fuel.

Observations. The fuel core, about the size Nuclear warheads are dePhotographic evidence over of a dusthin, contains about signed to resist accidental

100 kilos of uranium fuel con-taminated with radioactive fission products and small amounts of plutonium.

the weekend suggested that the explosion and fire on Friday occurred in the missile compariment, and not in the self-contained and specially reinforced reacter compariment.

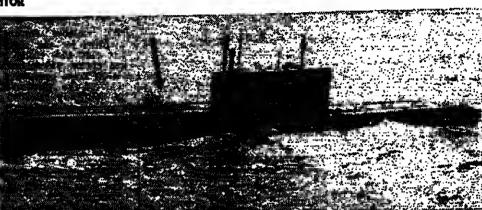
If this compariment has protection separating this fuel from the ocean were breached in the descent to the ocean bed -a-most unlikely occurrence-the radioactive leak would be

explosion, for example under the shock of a torpedo or depth charge attack, or if a missile is fired accidentally. They are designed to explode only when deliberately armed, a procedure which involves several separate actions in the case of western nuclear weapons.

the radioactive leak would be extremely slow.

The warheads of the 16 missiles probably contain about 100 kilos of pure plutonlum metal, uncontaminated with sion products, as lumps of precision-machined metal. The metal dissolves very slowly in sea water.

Nuclear warheads are designed to resist accidental much resist accidental resistance much resist which could have befallen the warheads is the explosion of the high explosive used to drive the plutonium comments of plutonium over the metal dissolves very slowly in the scattered plutonium.



Damaged Soviet submarine under tow at the weekend

Confidence and concern in a remote village

BY DAVID WHITE IN MADRID

A MEMORABLE photograph morates the efforts made 20 years ago in Spain to demonstrate that nuclear weapons can safely sink to the bottom of the sea.

of the sea,
It shows Mr Manuel Fraga,
then General Franco's Minister
of Information and Tourism,
the man who brought the holiday masses to Spain's ceasts,
taking a brisk springtime dip
with the then US ambassador with the then US ambassador at a remote spot in the south-eastern province of Atmeria, Both men are waving cheerity. For them, the gesture was meant to mark the end of the Palomares incident and Opera-tion Broken Arrow. In the morning of January 17 1966, a B-52 bomber of the US Strategic Air Command

US Strategic Air Command pact four 25-negation hydrogen collided during an in-flight bombs equipped with pararefuelling manocuve with a choics floated slowly down to
K-135 tanker aircraft from the earth near the tiny fishing

THE SOVIET submarine was one of 21 Yankee-lass sub-marines, which first started to be deployed in the late 1560s, e Financial Times re-porter writes. Because of the relative shortness of the range of their 16 missiles (about 3,000 km), they need to be within striking distance of sites and military targets of cities and military targets on the American Eastern seaboard.

By contrast, the newer Soviet strategic submarines such as the Delta or Typhoen

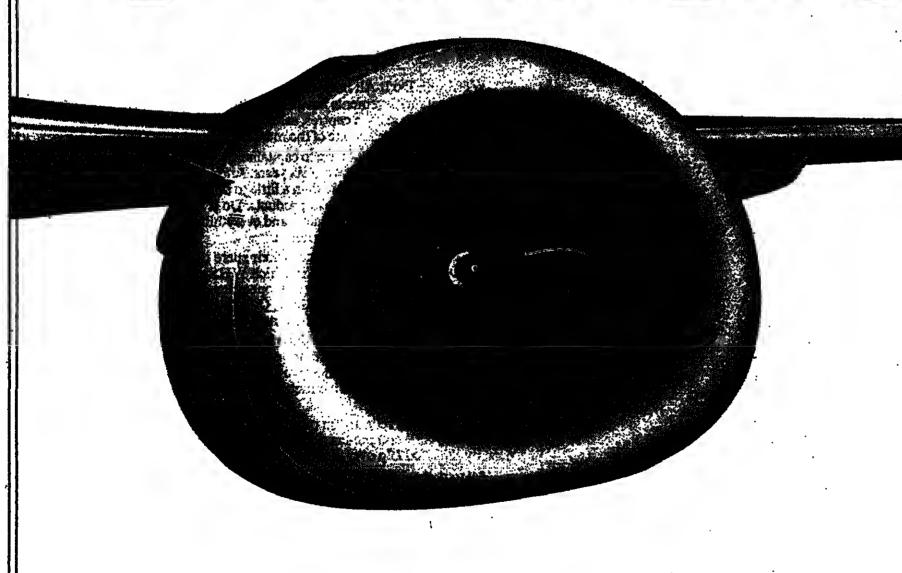
US naval base at Rota in southern Spain, killing seven of the 13 crew. After the imvillage of Palomares.

the inhabitants evacuated, fishing stopped, crops burnt, and 1,000 tonnes of contaminated topsoil carted off to the US. classes, carry missiles of much greater range (about 8,000 km)
It would be normal for at least one Yankee to be on patrol in the vicinity of Bermuda at any one time. Because of their relative age and noisiness, Yankee submarines are comparatively easy for the US to track, using the Sosus sonar detection system on the sea-bed, anti-submarine aircraft, or American (or British) humber-killer submarines. classes, carry missiles of The fourth bomb was re-covered from the seabed after an 81-day search. Fishing was allowed to re-start and Palo-

mares returned to its habitual obscurity. These days the area produces hothouse tomatoes. Local fears about the effects of radiation on people, live-stock and farmland have, however, never been entirely eliminated. Stories of mystarious database have been mysterious deaths have become part of the folklore.

Radiation levels are said to be similar to those affecting employees of nuclear power plants and no health anomalies have been officially registered, Three of the bombs landed on dry land — one of them plants and no health anomalies crocked — and were immediately picked up. The other dropped into the sea. The area too early to rule out long-term was taken over by US forces, effects.

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GPA, may your leadership and success fly far into the future.



How tal

STOP IF YOUR

COMPUTER FAILS?

How talking to machines can lift quality control

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and frames

Franchist Committee Commit

A BOLATICAL INTELO THE LITTLE TO THE THE REAL TO

items such as car bodies or of the checks that the computer microchips as they move past wants made. Commands from on a production line. The machines then listen as the man earphones which are part of a or woman explains the results of the test.

Programmed with suitable

ation about the quality of processes are complete. finished products is built up in a data base. There is no need, California, is among the leaders as in conventional procedures, in developing production-line for the worker to write down

PEOPLE employed in a range of industries are starting to chat to computers as part of the effort to increase the quality of manufactured goods.

The computers tell the workers specific checks to conduct on the production line.

As manufactured parts travel past, the person listens to details the computer of the checks that the checks that the checks that the checks th

Such tests can encompass monitoring of car components to ensure that rubber seals are software, the computers have a monitoring of car components wide enough vocabulary such to ensure that rubber seals are stratched."

In this way, detailed informable in the monitoring of car components to ensure that rubber seals are fitted properly—or inspection under a microscope of microchips to check that chemical computer systems that use voice recognition techniques. Texas Instruments, of the US, also sells similar systems.

Voten, formed in 1979 and with annual sales of \$12m, says with annual sales of \$12m, says manufacturing concerns are turning increasingly to this type of hardware to speed up quality checks and reduce errors. The person on the production line does not have to remember in which order to do the tests, nor waste time referring to manuals. Another advantage is that, by Another advantage is that, by removing the need for the worker to write things down, his or her hands are free for other jobs. These could include working production machinery or lifting components to inspect them more easily.

them more easily.

Each voice recognition system Each voice recognition system requires an IBM personal computor together with special voice synthesis and recognition circuitry developed by Votan. A station, including components such as headsets, costs \$13,000 to \$20,000, says the company.



systems on a production line at turer. its Cowley factory. The line will turn out luxury Rover 800 cars. Voice Systems International, a small company in Cambridge, is producing software and parts for the system, based around finished goods in manufacturing of the system.

In the UK. Austin Rover is makes car components, and installing four of the inspection Beecham, the drugs manufac-

for the system, based around plants, Boston-based Caradonna, Votan technology. Other British companies the equipment to help in checks evaluating similar technology of meat and cheese as the food include Lucas Electrical, which is delivered to warehouses.

UK steps up research into 'Star War thunderbolts'

power machine, felt the effects of this new electro-technology this summer when a wayward bolt of energy bored a hole in DET (Joint European Torus), a novel weapons. These bolts of energy are also needed to simulate such phenomena as light-

Culham, near Oxford.

Lost week, with JET resealed and running again, Culham played host to the inaugural meeting of the UK Pulsed Power Club, a community of scientists and engineers with a common interest in pulsed power. Imperial College, London, is at the heart of academic interest, and is the headquarters of the new club.

Palsed power is the generation of bolts of energy, for an astonishing variety of tasks. It has been given new urgency by the opportunities and imperatives of the Strategic Defence Initiative, the US research programme into speed-of-light weapons against ballistic missiles. More mandane uses — the consults for Sandia National Laboratories in New Mexico.

In the such phenomena as lightning and EMP, the highly discriptive electromagnetic pulse emanating from nuclear way of the Strategic power's origins are traceable to the second world war. Britain pioneered much of war. Britain pioneered much of

stunning of salmon.

late such phenomena as light-ning and EMP, the highly dis-

weapons against ballistic missites. More mundane uses — nology because its practitioners
one speaker at the Culham talked freely about their probgathering pointed out — even lems, even when working for
include "electric fishing," the rival companies. "Their bosses
stunning of salmon.

nology has managed to pene-trate some of the latest US experiments. English Electric. Valve (EEV), a GEC subsidiary, provided equipment worth \$000,000 for the Advanced Text Accelerator, a beam weapon experiment in the hills near Livermore, California. In a droll presentation, Hugh Menown, an EEV physicist, described the company's determination to maintain, through research, a world leadership in a crucial pulsed power component, namely the switch which unleashes the energy.

EEV is seeking the switching contract for a major refurbish-ment of the three-year-old Liver-more "Star Wars" facility, as well as a huge potential con-tract associated with laser enrichment of uranium in the

The scale of some US pulsed power research activities astounded many of those meet-Academies want to discover ever, was that every bit of help assounded many of those meet-the natural limits of accumulating electricity. Pulsed power is ten-fold. His message to the new of Texas Tech University

maston has ever extended to US technology. His own pulsed peak pulses of 370,000 amps. experts: "Please come and talk power laboratory, specialising in At full power it is expected to experts: "Please come and talk to us."

British pulsed power technology has managed to penetrate some of the latest US experiments. English Electric the "Star Wars" programme.

Now Britain is beginning to build up new pulsed power research facilities of its own—at Imperial College and the universities of Edinburgh and Strathclyde, for example. As Martin says, "it is still a field which can give an experimentalist a great deal of satisfaction." IRD, the Newcastle-based sub-

Indiary of Northern Engineering Industries, has designed a system to deliver 700,000-ampere pulses lasting 0.25 of a second, for kinetic energy weapon experiments at the Royal Armaments Research and Description Armaments Research and Deve-lopment Establishment, Fort Halstead, Kent, Defence scien-tists are exploring a new kind

defined as the technology of club was "co-operate — even warned British researchers that electromagnetic gun is a homo-novel poised power supplies for storing electrical energy, then when it hunts you a bit." He us Government laboratories polar generator designed by Dr other research centres and unleashing it very suddenly made what must be one of the and 10 universities, were Teny Appleton of IED. So far universities.

THE WORLD'S biggest pulse as "thunderbolts" of very high most open invitations Alder- specialising in this electro- it has successfully delivered power machine, felt the effects voltage and current to drive maston has ever extended to US technology. His own pulsed peak pulses of \$70,000 amps. propel a 200-gram projectile at over 2,000 metres a second. British progress with this line of research is expected to be rewarded shortly by a substantial "Star Wars" contract, Dr Angleton sever Appleton says.

On the civil side, the Culham Laboratory of the UK Atomic Energy Authority has equipped itself with a powerful array of facilities for testing components for its nuclear fusion experi-ments and for exploring the vulnerability of aircraft to lightning.

Culham is offering two services to its scientific and industrial customers for pulsed power. One is the unique Lightning Studies Unit, set up primarily for the aircraft industry. The increasing use of poorly-conducting composite structures heightens problems for aircraft designers. Culham is able to simulate the complex

of tank or naval gun which by electromagnetics could propel "smart missiles" at up to 10 times the speed of chemical propellants, and with much less shock to sensitive electronics.

The core of this experimental advanced control systems and advanced control systems are specifically systems.

Greater tolerance to damage in a simpler form of vacuum pump

VACUUM PUMPS with only one moving part and no rub-bing surfaces are to be intro-duced by GeneVac of Ipswich UK (6478 41222).

None of the tight machining rouse of the tight machining tolerances and clearances of conventional retary vane vacuum pumps are needed, so that damage by corrosive vapours (which kave to be condensed out and removed in conventional pumps) is inconsequential.

The pump is besieve a half

in conventional pumps) is inconsequential.

The pump is basically a hellow cylinder spinning at 3,000 revolutions per minute, and partially filled with pumping fluid which clads the inside curved surface under centrifugal force. A probe (as long as the cylinder) is held stationary in the spinning liquid, and is shaped so that the flow forms a low pressure area and sucks gas out of a slot which is connected to the vessel to be evacuated.

The gas disperses into bubbles which move round with the fluid but migrate towards the cylinder's centre under centrifugal action (because they are much lighter than the fluid). The bubbles burst into the empty central area and gas leaves through a centrally connected outlet pipe.

a centrally connected outlet pipe.

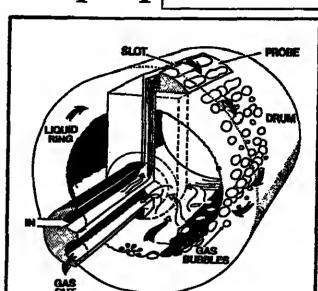
The present product produces vacuums down to 0.5 of a millibar (five ten thousandths of an atmosphere) with flow rates of 50 litres a minute. Development is cantinuing.

Vacuum pumps are widely used in factories and laboratories, in applications where air has to be removed while a manufacturing process takes place.

FORESTRY WASTE can be turned toto pine oils and essences for use in scaps,

essences for use in scaps, medicines, counciles and cleaning products by a machine from French company Biolandes of Le Sen (385 14634).

Realising that little use is made of millions of tennes of tree tops, smaller branches and place needles left over after felling for timber production, Biolandes has devoloped a self-propelled crushing unit able to collect 40 tennes of material a day from the forests of Aquitaine. A the forests of Aquitaine. A steam generator, under micro-processor control, is used to dutil out the essential ells



Only one moving part in GeneVac's vacuum pump: The absence of tight machining clearances means the impact of corrosive vapours is inconsequential.

and the residue is then either dried to be used as fuel (to drive the machine) or turned into compost in a process
which takes seven months.
CASH REGISTERS, vending
machines, gaming machines
and other relatively "dumh"
retail devices can be turned
into Epos (electronic point of

WORTH WATCHING

Edited by Gooff Charlish

sale) puits by hardware called Connect Six, from tirand hetropolitan anformation Services (GMIS), of the UK. Selected information can be extracted from the devices to give an overall and accurate picture of the finan-cial performance, Connect Six extends a service from GMIS extends a service from GMIS called Retail Connection, in which key data is collected from and distributed to retail outlets, More from Uxbridge, UK, on 0895 58111.

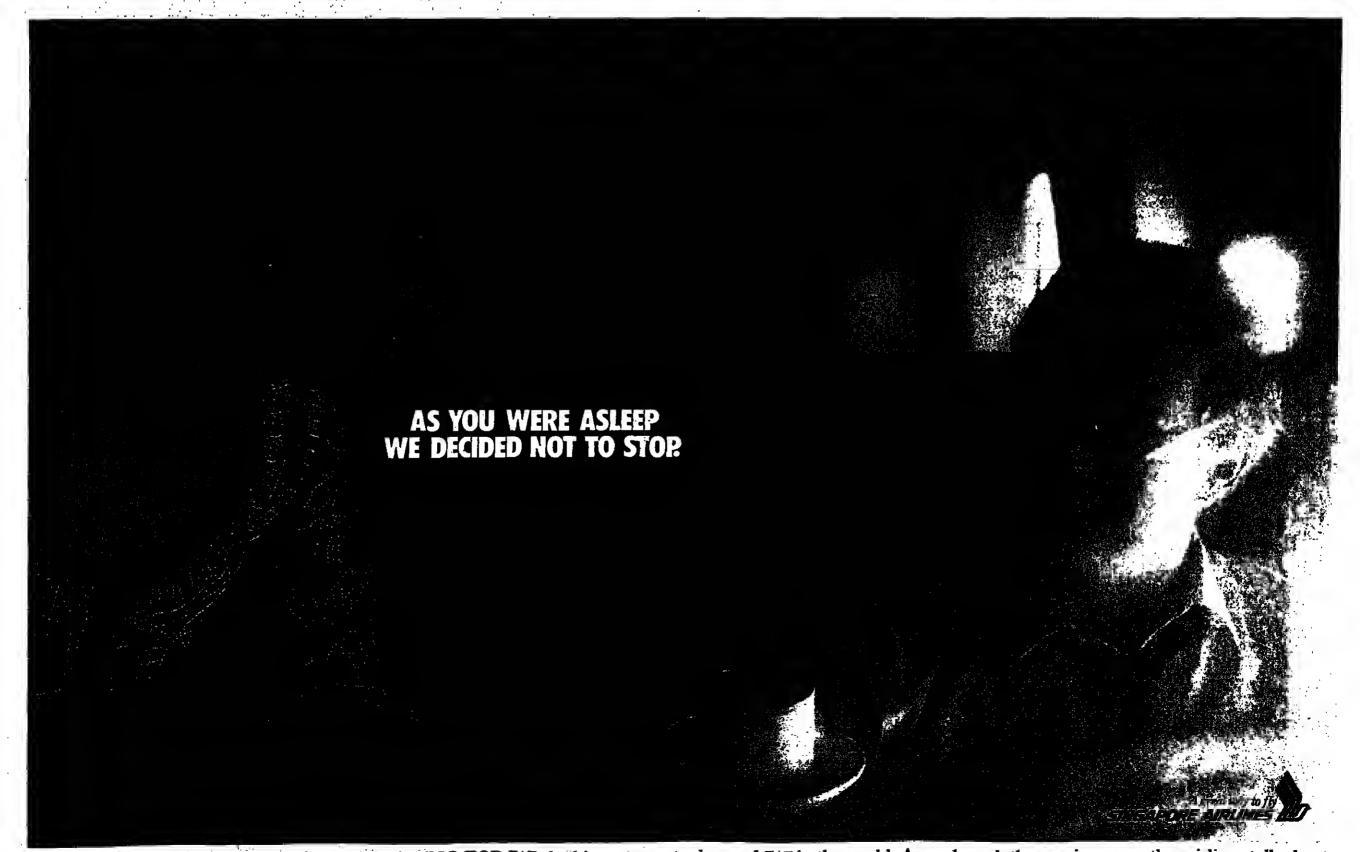
ASSEMBLY ROBOTS at prices as low as £15,000 have been developed by the West German consumy G.A.S. of St. Georgen in the Black. Forest and are available in

Forest and are available in Britain from UK Automation Technology of Sunbury-on-Thames (0932 766194).

These robots can move small components in all three directions in space inside a rigid steel box frame placed over the work was a The ton. over the work area. The top of the frame supports three pneumatically driven mech-anisms that can be program-med to accuracies of 0.01 mm. med to accuracies of 0.01 mm. The robots are fast, accelerating at 10g and moving at 2.5 metres per second. The controller is easily re-programmed off-line using an Epson HX20 microcomputer. PERSONAL COMPUTER net-

PERSONAL COMPUTER networking is achieved at low cost, claims Molecular Computer of Slough UK, using its new local area network (LAN), System 16.

With the company's product M-Link, which costs £745, two users of the IBM personal computers (PCs), model XT or AT, can be connected over a simple twisted pair cable. After that, each added PC costs £275 to equip and the network can accommodate up to 1,600 users. A modate up to 1,600 users. A further unit, M-Link Plus, provides hard disk storage



Every evening, we head for home in an exclusive BIG TOP 747, the biggest, most advanced 747 in the world. A good meal, the service even other airlines talk about, and then you can fall asleep. We fly non-stop from Heathrow five times a week. Because when you're going to Singapore, you don't want to wake up in the Middle East.

Notice of Redemption HAMBROS LIMITED

7%% Bônds Due October 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated as of October 1, 1972, providing for the above Bonds, there will be redeemed for account of the Sinking Fund on October 1, 1986 (the "Redemption Date") \$1,829,000 principal amount of the 7½% Bonds Due October 1, 1987, at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

The serial numbers of the Bonds which have been selected for redemption are:

The Fourth **Professional** Personal Computer

Conference London 30 & 31 October, 1986

The 1986 meeting will explore the rapid changes taking place in the market for professional personal computers; the partition of the market into two significant seaments - low-cost, stand-alone machines and more sophisticated systems linking together multi-user computers by high speed

The authoritative penel of inclustry aders will consider the new challenges and opportunities these changes present for manufacturers and system

Speakers taking part include: Mr Mice Swavely Mr Robert T Fertig Mr Robert Therrien

Mr Elserino M Piol Ing C Oliveti & C SpA Mrs Brigitte Morel Inteligent Electronics Europa

Mr Roger Foster Apricol Computers pic Mr Sam Wiegand GRID Systems Corpora Mr Jon Shirley

Mr Paul Balley Digital Research Inc Mr lan Durrell Starting Software Intern Mr Raymond Noorda Mr Paul Heintinger

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The Fourth Professional ersonal Computer Conference To: Financial Times Conference Organisation Minater House, Arthur Street, London ECAR 9AX, Tel: 01-621 1365 Telex: London 27347 FTCONFG Fax: 821,8614

Type of Business

APPOINTMENTS

Lloyds Bank corporate finance post

Mr Paul Sanders has been appointed assistant general manager, corporate banking division, LLOYDS BANK, with responsibility for the bank's relationship with a large portrelationship with a large port-folio of major UK, US and other multi-national companies. Most recently he was chief manager (planning co-ordination), inter-national banking division, Lloyds Bank. Previously he was chief manager, corporate banking divi-sion and prior to that he had a series of appointments in Lloyds Bank International involved with the corporate market. the corporate market.

Mr Christopher Carter has been appointed managing director of GNI (Jersey), a wholly-owned subsidiary of GNI, futures broking subsidiary of Gerrard & National. Mr Carter was formerly a director of E. D. and F. Man and a founder director of Liffe.

Mr B. V. Heath has been appointed a director of REA BROTHERS (INSURANCE). Mr E. M. L. Cockburn becomes a director of Rea Brothers (Life, Loans and Pensions).

C. E. HEATH has formed a new subsidiary company...C. E. Heath Credit. The board will be: Mr P. C. Methley, chairman, Mr P. T. Barfett, Mr R. M. Harrison, Mr D. W. Nichols and Mr B. Warburten.

Mr Peter Gordon has joined independent family distillers, WILLIAM GRANT AND SONS, as sales and marketing manager. Mr Gordon is the great-great-grandson of William Grant, the community's founder. company's founder.

THE UNIVERSITY OF SUSSEX has appointed Mr Lesile Fielding, director general for external relations, commission of the European Communities, as its next vice-chancellor. He will succeed Professor Sir Denys Wilkinson on October 1 next year.

Mr Marc Ripfer has become chairman of CMS CAPITAL MARKET SERVICES, Zurich, a newly-dormed associate company to Capital Market and Treasury Services, a wholly-owned subsidiery of UK money brokers Mayflower Group, Other directors are Mr Charles Walser, Mr Balthaser Kirschner and Mr Michael H. R. Young.

Mr John E. Blake is appointed systems strategy and plan-ning director of J. SAINSBURY.

Mr Christopher J. Edmonds has been appointed a director of R. I. STOTT AND CO (LO.M.),

Ms Julie Macey, formerly with Speyhawk retirement homes sub-sidiary, Osprey, and Mr Paul Shellers of Retirement Proper-

PARTS. Put 74,692 parts together and you have e Viggen fighter. We maintain, test, and

overhaul each one of those parts on Viggens

and other aircraft. We've been doing it since

Swedish aviation first took off in 1913, and

are certified and established in the U.S., U.K., and Sweden. Now we've developed computer

software for eutomatic testing of the JAS 39

Gripen, soon the world's newest multi-role

combat aircraft.

ties of Bath have been appointed directors of a new subsidiary of CHARLES CHURCH DEVELOP-

ASTRA HOLDINGS, a pyrotechnics group, has appointed Mr Stephan Kock as a nun-executive director. He is a consultant to Midland Bank International, and was a director of Biddle Holdings.

Mr Phillip Chappell, has joined the board of FORESTRY IN-VESTMENT MANAGEMENT. He was vice chairman of Morgan Grenfell Holdings.

Mr Bavid Hill has been appointed a director of Lloyd's broker JARDINE GLANVILL



Mr David Hill, a director of Jardine Glanvill and chalrinah of its energy

Mr D. C. Binstel, Mr J. J. Chr. Mr N. R. E. Muchaithtan and Mr N. D. J. Galdey have blen appointed directors of SEDWICK MARINE.

Mr Aigus Whinster has joined SECURITY PACIFIC EURO-FINANCE (UK) as vice president of the property finance division. He was previously banking manager with Guinness Mahon and a director of Guinness Mahon Property Managers.

Mr. Rithard Heley has been appointed a director and head of corporate finance, at BARCLAYS DE ZOETE WEDD. He was previously a director of Hill Samuel.

KLEINWÖRT DEVEL SPHENT FUND has appointed Mr T. H. Helland-Besworth, a director of Kleinwort Benson, as a director.

PEAT MARWICK has appointed Mr Allan Hargicaves as a tax consultant specialising in charity taxation. He is based et the Manchester office and has overall, responsibility for coordinating the firm's charity tax services throughout the UK. Mr Hargresves, a former inspector of taxes; was previously with the Inland Revenue charities division where he had the sistient.

SMARTS. Computer-powered rubies accurately measure objects to within onethousandth of a millimeter. We not only self our coordinate measuring systems to companies in 25 countries, we use them ourselves. When we overhauf jet engines, for example. We're the FFY Group, active in electronics, aviation, and defense. For the facts write: FFV, Dept. I-310, S-63187 Eskilstuma, Sweden.

dealing with the formation of charities and the provision of tax advice.

WHITEHALL PETROLEUM WHITEHALL PETROLEUM, part of the oil and oil services sector of Pearson, has suppointed life Chris Bayly and Mr Alen Gayabr as joint managing directors. They were previously managing directors of GB Petroleum Consultants, an oil consultancy originally financed by Lazard Brothers and which managed Whitehall Petroleum under contract. The company's interests are primarily in the under contract. The company's interests are primarily in the North Sez and onshore in the UK. Following the re-organisation, Mr Mark Burrell, an executive director of Pearson, has been appointed chairman of Whitehall Petroleum in succession to Mr James Joll; who will remain a director.

Mr David Hopkins, deputy managing director, is depointed managing director of BRITANNIA AIRWAYS. He also becomes a member of the Thomson Travel Board. Captain Stuart Grieve becomes operations director, and joins Britannia's board.

remain a director.

Ms Jane Raybould has be-come associate director—intercome associate director—intronal economic analysis and investment strategy in the portfolio management division of FUJI INTERNATIONAL FINANCE, international banking subsidiary of the Fuji Bank, Japan. She was with Australia and New Zealand. Merchant Bink as chief portfolio strategist.

KINGSWAY PUBLIC RELA-TIONS, public relations arm of Saarchi and Saarchi, has appoin-ted Miss Jackle Elliet to the board with executive respon-



Mass Jackie Ellist, a director of Kingsway Public Relations

Roles and Parker, has been appointed director of the recently-formed ASSOCIATION OF BUSINESS ADVERTISING AGENCIES.

JOHN FOSTER AND SON has appointed two main board directors. Mr Raymend J. Pfillips iolis as commercial director on October 8. Mr Phillips was will tite John Levis Partnership. Mr G. Bayid Breton who has been wife John Foster and Son since 1973 as company secretary has also been appointed a director from October 6.

Dr Hang Krag has joined WELLA as corporate financial director with responsibilities for intercommetic GB; Officiawel GB, and Interconnecte Dublin. He joins from Wells Japan where he was financial director.

WESTFAC BANKING CORPORATION his appointed Mr
Melville Haggard is manager,
international capital markets.
He jains from Lloyds Merchant
Bank where he was responsible
for developing international corporate and export finance
business.

Mr Alistair Beesten has been appointed series advances manager of the domestic, thinking division of NATIONAL WEST-MINSTER BANK. He succeeds Mr Fred Pointon, who becomes senior executive of the division's corporate section. Mr Beeston was previously advanced interager of Courts and Go;

* Mr Peter Sedgwick and Mr Nicholas Taylor have Missed the board of TRIPLEVEST, a company jointly managed by MIM and J. Henry Schroder Wage. Mr Alexander S. Beld has been elected chainman.

Hr. E. J. Redshaw has been spointed financial director of HARLAND SIMON GROUP. He has been chief accomitant and company secretary for the past of the past

GA GROUP (formerly Gilbert Ash) has appointed Mr. Terry Smith as development director of GA Estates. He was director of the management contracting

MORGAN GRENFELL ASSET MANAGEMENT, has appointed Mr Teny Mallinson, who recently retired, as senior partner of Slaughter and May, as a non-executive director.

sibility as manager of the consultancy's corporate division. She was on the board of Hill and Knowlton (Corporate).

**Mr John Howell has been appointed director of investment, NATIONAL PREIGHT CONSORTIUM. The Laboratory of the NFC PROPERTY GROUP Board as a finiteneous director.

FINANCIAL TIMES CONFERENCES DEVELOPING

THE GLOBAL MARKET FOR **EQUITIES**

> London, 21 October 1986

The Financial Times, in sociation with The Banks is staging its first major forum on the worldwide equity market, to be held in London at the Merchant Taylors' Hall

The programme, timed to recede Big Bang, brings together an impressive range of speakers to disc the prospects for the 24-hou market, regulation, and the role in the market for the City of London. Chaired by Mr Andrew Large of the Swiss Bank Corporation International Limited.

DEVELOPING THE GLOBAL MARKET FOR EQUITIES To: Financial Times Conference Organisation Minster House, Arthur St London EC4R 9AX Tel: 01-6211355 Talor: 27347 FTCONF G Fio: 01-623 8814

Telex/fax Type of Business On and after the Redemption Date the Bonds designated above will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to October 1, 1986, attached, either, at the option of the holder, at the office of Manufacturers and Traders Trust Company, 25 Broad Street, New York, N.Y. 10004, or at the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg, the main office Benque de Bruxelles S.A. in Brussels, the main office of Westdeutsche Landesbenk Girozentrale, or the main office of Banque de l'Union Européenne in Paris.

Interest on the Bonds so designated for redemption shall cease to accrue on and after the Redemption Date. All coupons maturing after said date which appertain to such Bonds shall be void. Coupons maturing on October 1, 1986, should be detached and surrendered for payment in the usual manner. HAMBROS LIMITED

By: Manufacturers and Traders Trust Company Principal Paying Agent

Holders of the Bonds presenting Bonds for redemption to the New York paying agent will be required to comply with the Interest and Dividend Tax Compliance Act of 1983 on or before the date of such

NOTICE OF OPTION TO ELECT MATURITY

Zero Coupon Notes Due February 10, 1990 or at Holder's Option on February 10, 1987 at 67.20%

or at Holder's Option on February 10, 1987 at 67.20%

NOTICE IS HEREBY GIVEN, pursuant to Paragraph 4(e) of the Fiscal and Paying Agency. Agreement dated as of February 10, 1982 and the seventh paragraph of the above described Notes, that holders may inrevocably elect to have their Notes mature on February 10, 1987 at 67.20% of the principal amount thereof by presentation of the Notes with the form of the "Option to Elect Maturity Date of February 10, 1987" on the reverse thereof duly completed either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, as Fiscal and Paying Agent, 30 West Broedway, New York, New York 10015, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main), London or Paris or at the main office of Swiss Benk Corporation in Basle, as paying agents, not earlier than October 10, 1986 and not later than the close of business on November 10, 1986. After a notation of the election to mature has been endorsed on the Note by the paying agent, each Note will be returned to the holder. Payments will be made on and after February 10, 1987 upon presentation and surrender of Notes maturing on such date early at the office where the endorsement on the Note was made.

On and after February 10, 1987 amortisation of original issue discount will cease to accrue on each Note elected to mature on said date.

Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bink in New York City, subject to any laws or regulations applicable thereto. Any payment made in the United States or by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS form W-9 cartifying under penalties of payinry that the p

BENEFICIAL OVERSEAS FINANCE N.V. By: Morgan Guaranty Treat Company

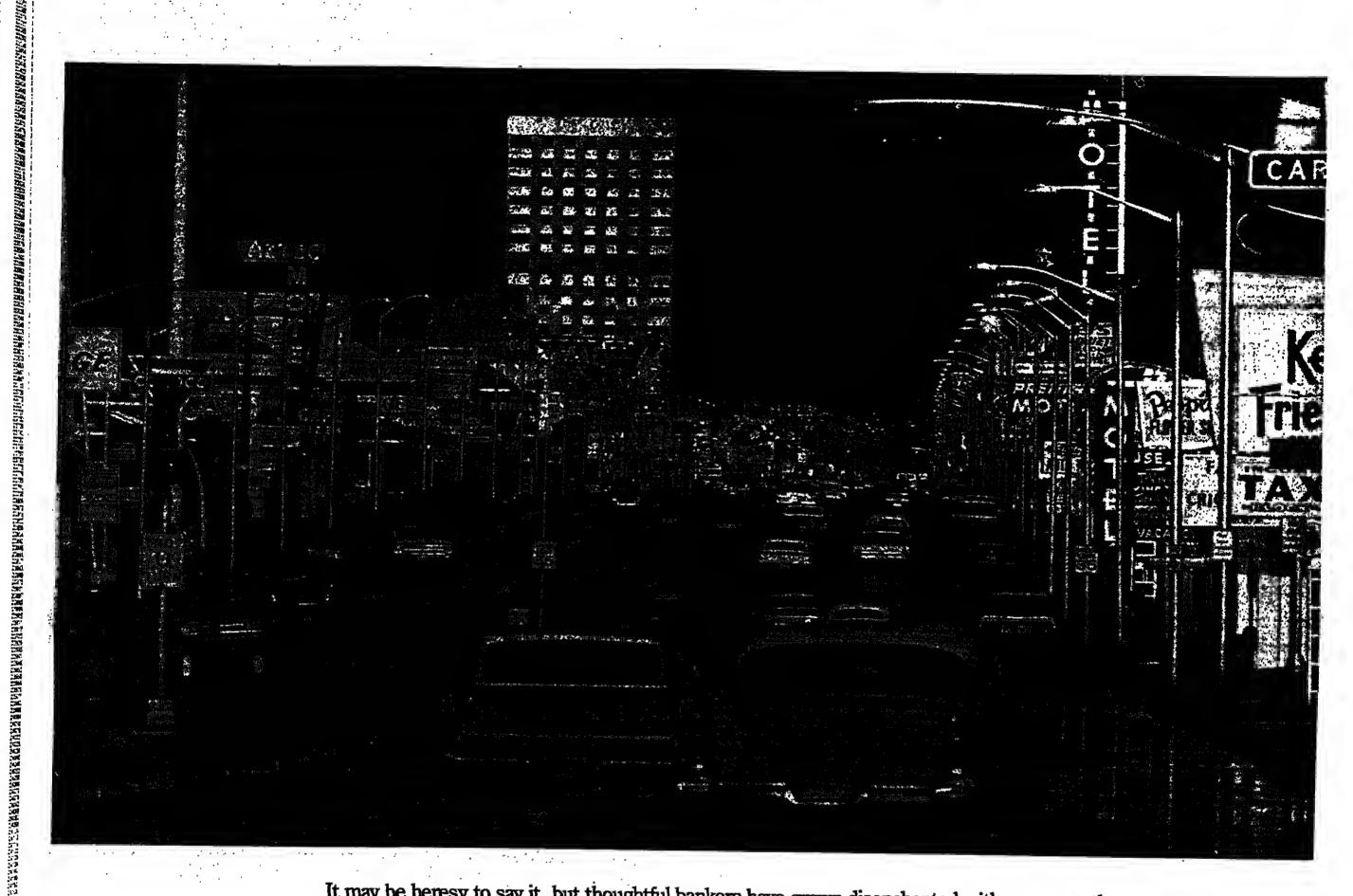
OF NEW YORK, as Fiscal and Paying Agent

Dated: October 7, 1986

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speakers include: Mr Christopher Resves Morgan Grantell Group ple Dated: September 30, 1986 Mr Gary G Lynch Securities and Exchan Commission, USA Mr Richard Lutyens Morill Lynch Europe Ltd. Mr Richard Britton The Securities and Inve-Board Limited Mr John Hewitt Scringson Victors & Co. BENEFICIAL OVERSEAS FINANCE NV. Mr Philip Thom SRI International Mr Sven Wallgren Esselte AB Mr William Lupies Instinct Corporation

How fast can you grow and still like it when you get there?



It may be heresy to say it, but thoughtful bankers have grown disenchanted with pure growth. Coming from an institution that ranks number six among 14,000 U.S. banks—a bank whose assets grew by over 9% last year—that may sound like a contradiction. But the fact is, assets just aren't what they used to be.

When banks made money mainly by borrowing at regulated rates and lending for a little more—the bigger you were the more you earned. But changing regulations, new competitors for funds and clients who now have more direct access to the capital markets have changed all that.

Now banks that grow too fast don't always like what they grow into. In fact, too hasty growth can lead to even more sudden shrinkage.

Hence the emphasis on problem solving, financial acumen, the *flow* of capital instead of simply holding loans as assets—and the reason banks like Chemical are no longer banking as usual.

These days loan distributions, swaps, new strategies in foreign exchange and many other innovative ways of handling capital are growing strengths at Chemical. In 1985 we doubled our investment banking business. That's the kind of growth we approve of.

At Chemical, we think a bank that manages its growth will like what it grows into.

CHEMICALBANK
The bottom line is excellence.

NOTICE OF REDEMPTION To the Holders of

HILTON INTERNATIONAL CO.

7%% Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 1, 1972 providing for the above Debentures, \$1,700,000 principal amount of said Debentures have been selected for redemption on November 1, 1986, through operation of the mandatory Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, each in the denomination of \$1,000 bearing serial numbers with the prefix letter "M" as follows:

DEBENTURES BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

ALSO OUTSTANDING DEBENTURES OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

On November 1, 1986, the Dehentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the matu offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London and Paris and Banque Generale du Luxembourg in Luxembourg. Payments at the offices referred to in (h) above will be made by check drawn on a bank in New York City. Such payment made by transfer to an account maintained by the payee with a bank in New York City. Such payment made by transfer to an account maintained with a bank in the United States by the payee may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury the payers at a united States person or an executed IRS Form W-9 certifying under penalties of perjury the payers taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on RS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Converse due November 1, 1986 should be detached and collected in the usual marmer.

your securities for payment.

Coupons due November 1, 1986 should be detached and collected in the usual manner.

On and after November 1, 1986 interest shall cease to accrue on the Debentures berein design

Dated: September 29, 1986

HILTON INTERNATIONAL CO.

Vickers to buy state's battle tank factory

state-owned Royal Ordnance main battle tank factory at Leeds, mak-able of producing more than 160 ing it the sole manufacturer of main battle tanks and other ar-

The total sum to be paid by Vickers profit when operating at a third of is based on a confidential formula capacity. involving an assessment of the net assets at the Leeds site. Vickers said yesterday that the final price would depend on a final auditing of plan to sell the Royal Ordnance factors.

lure of the Government this sumble built at a cost of about £15m.

mer to proceed with its planned Vickers is to build the new factolure of the Government this summer to proceed with its planned rockers is to build the new factory to the same size, break-even levor Defence has abandoned all plans for a flotation of the company and is currently seeking a single purchaser. The buyer has to be based and comtrolled in the UK. and controlled in the UK.

N. M. Rothschild, the merchant bank acting for the Government the latest British main battle tank, over the disposal of Royal Ord-the Challenger, for a seventh regi-nance, has prepared a memoran-ment This order for 76 tanks worth hum for the sale of RO. This mem- about £100m was announced by Mr

VICKERS has completed its nego- the bank not to disclose its confid-tiations for the purchase of the ential contents.

moured vehicles a year at Elswick Vickers paid an initial £11.2m to Newcastle upon Tyne. The Newcastle upon Tyne The Newcastle upon Tyne

the assets.

The Vickers bid to buy the Leeds tory at Leeds – that Vickers would replace the existing factory at Leeds with a new tank factory, to

tanks a year.
The British Army has ordere orandum is to be sent to interested. Younger when he gave the go-parties who sign agreements with ahead for Vickers to buy Leeds.

Coal chief embarks on a healing mission

BY CHARLES LEADBEATER, LABOUR STAFF

prove considerably if there were a single union for production work-ers, or a mechanism for the National Union of Mineworkers (NUM) and the Union of Democratic Mineworkers (UDM) to draw up joint dealing with two production unions,

hreakaway union during the yearlong coal strike which ended in
March last year.

Whereas Sir Ian actively encouraged the split in the NUM ranks
more progressive
threins the strike Sir Reheat bears

during the strike, Sir Robert hopes there might be greater under-

However, Sir Robert believes unions will be out of the question under their current leaderships. Although British Coal is determined to treat the two unions even handedly, Sir Robert admits the emergence of the UDM has created "an industrial relations minefield."

Sir Robert's remarks on the need to heal the wounds of the strike, came in a wide ranging interview

SIR ROBERT HASLAM, chairman on the industrial relations outlook would be jeopardised if union lead-of British Coal, believes the pros-at British Coal, in which he re-ers did not relinquish the broader vealed that he was in favour of introducing new pay incentives, long-term pay deals and a more decisive approach to day-to-day manage-

On the complications caused by Sir Robert said: "Clearly one would Sir Robert's views on the attrac- like to deal with one union. We had tion of the single union stand in one union, now we have two: that sharp contrast to the approach of creates a complication, particularly his predcessor, Sir lan MacGregor, because there is no way we will be who emphasised the importance of able to negotiate with them togeththe UDM, which was formed as a er as long as the personalities re-

> British Coal had to accept that it would have to deal with the unions in parallel, he said. The UDM was more progressive, but it was not British Coal's intention to use the Rivitish Coal's intention to use the mions co-operative approach to put pressure on the NUM to become more conciliatory.
>
> The way have been produced in productive systems a much larger role in Sir Robert also praised develop-

ore conciliatory.
"We have to be even handed in what we offer the two unions, but the rate at which that is taken up is demonstrably dependent on the union concerned. The UDM is ready to embrace new ideas and concepts, it moves more quickly to support our objectives and as a result it ap-

He said he was keen for an open dialogue with the unions but "you have to be sure the people you are talking to have the success of the industry and the well-being of the people employed in it at heart. If they are motivated by entirely different things there is no way we will be able to get this thing togeth-

On the coming pay round, he was in favour of the kind of long-term pay deal proposed by the UDM.

British Coal could not afford a pay
award anywhere near the going
rate without considerable improvements in productivity. It intended

emerged during the strike, particularly more direct communication with the workforce, and greater de-

cisiveness on day-to-day issues.

Where Sir Robert sensed an abundant willingness to get down to the job was on the coalface. "Miners pears more progressive."

In a clear warning to Mr Arthur

Seargill, the NUM president, Sir

Robert said the industry's future

Robert said the industry's future

are in their environment, they are very natural beings underground, they tell you the truth," he said with

IS THE CITY'S NEW SPECIES EQUIPPED TO SURVIVE IN A BIGGER POND?

On October 27th the level of competition within to compete against anyone. the City will explode.

(Perhaps that's why its been called Big Bang.) Membership of the stock exchange has been

thrown open to massive and aggressive international financial conglomerates which, for the first time, will be able to compete freely in the City's traditional markets.

And with the abolition of fixed commissions, there is little doubt that the competition will indeed be fierce, if not bloody.

The arrival of so many experienced and financially powerful competitors has caused more than a little concern in the City.

In London major new alliances have been forged between brokers, jobbers, bankers and investment managers.

These new investment bank groups are now better financed, better structured and better equipped to compete in this bigger, more competitive market.

But some pundits still question the ability of many to survive.

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While some may find their resources strained, we have the vast financial, technical, physical and human resources of the Barclays Group to enable us

We also have one of the most envied alliances. In de Zoete & Bevan, for example, we have one of London's most respected and successful brokers.

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And, together with Barclays Investment Management, have funds of over £9 billion under

Then there's Wedd Durlacher.

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plained in detail so far is our parent

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THE INVESTMENT BANKING ARM OF THE BARCLAYS GROUP

Labour clarifies tax shake-up plans

BY PETER RIDDELL, POLITICAL EDITOR

the top 5 per cent of income earners first child.

over £27,000 a year who would pay

This is apart from the general inmore. However, Mr Roy Hattersley, crease in child benefit for all childthe shadow Chancellor of the Exren proposed as part of the redischage which would hit

main confident that only a few peo- gov ple below this figure should have to T par significantly more than now, and that most low and middle income households should be better off, particularly those with a little size there are 18 different family and income categories. But

ome households should be center Labour is confident that the net enoff, particularly those with children, feet for families, particularly with
Clarification of the impact of the several children, will be clearly
tax and social security proposals
has come after their overwhelming.

Single people may pay slightly
were un to £20,000 a year, and defi-

nove the upper limit on employee just below £15,000 a year. This is that level, and follows the removal of the upper limit on employer con-tributions lest year. The exemption of investment income from Nation-

SOME SINGLE people earning between £15,000 and £20,000 a year come tax, restriction of all allowworld start to pay slightly more in tax and National Insurance deductions under the Labour Party's new tax and social security plans. tax and social security plans.

This compares with previous public claims that it would be mainly crease on the same amount for the

£27,800 figure is "a jagged or bro-ken line" in view of the complexity of the proposals. that this package could be intro-duced within the first 18 months to Nevertheless, Labour leaders re- two years of the life of a Labour

one earner, Labour proposes a cash benefit equivalent to the married man's allowance to be paid to older married women

The timing of the introduction of al Insurance contributions would also be removed by Labour.

However, Labour has also proposed a major shake-up of taxes and social security including the recommendation in view of its existing work on changing the personal tax system.



UK NEWS

Peugeot plans new Iranian kit car BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT Shown that it has the foreign cursecond to 40 per cent of Peusecond TIR's turnover, now it is down

PEUGEOF has proposed to Iran that a new model be introduced in that a new model be introduced in three to five years to replace that companies have been contesting for country's best-selling Peykan car which is assembled from kits the front-runner.

Peogeot might not have the field to itself in Iran, and several Japanese rency to pay for them.

In the first half of this year only to 3 per cent. Only 100 people work on the Iran project, mostly turning out spare parts, where previously of country will a several Japanese rency to pay for them. shipped from the French group's British subsidiary.

∍sday October7

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Mr Jean Boliot, president of Authorized the Iran contract has been worth tomobiles Peugeot, says that if the £130m (\$187m) a year to Pengeot UK's financial perfordeal is concluded, kits for the new UK and represented Britain's largement of course – the company's model would continue to be sourced est single motor industry export first-half loss of £8.3m was attributfrom the UK. Our British company contract. has the contacts which are so essen-

tial in Iran", he adds.

Hillman Hunter and at its height not need any more until next June. Mr Jean Boilot, president of Au- the Iran contract has been worth

ial in Iran", he adds very low ebb because Peugeot reIt is understood, however, that fuses to ship any kits until Iran has Whereas the Iran contract once

The Peykan is based on the old of output in Iran, the country will

ed mainly to the Iran problems -Recently business has been at a the impact is not as bad as it once

1,450 were employed.

Many workers have been switched to another Pengeot plant where the company recently began assembling the 309 model and where it expects to build a new medium-sized car, code named the D-60, which will be called the Pengeo

Sealink management and unions talk as disruption continues to lay-offs

BY CHARLES LEADBEATER

fort to resolve the dispute which pan to rationalise the service.

has severely disrupted the compa. The dispute started last week af-

The National Union of Seamen and the officers' union, Numast, have for the first time co-ordinated their strategy, negotiating jointly, and implementing together a rolling programme of industrial action.

The unions were calling for the resumption of a full service to the

SEALINK UK, the former ships

and harbours division of the British Railways Board, has been a mas-sive disappointment to Mr James

Sherwood, the American entrepre-

neur who paid £56m for the compa-

ny two years ago. Mr Sherwood, founder and presi-

dent of the Bermula-based Sea

Containers group, bought Sealink against opposition from trade unions and the Labour Party, confi-

dent that it could be piloted quickly

to profitability and a stock market

dustrial action over the rationalisa-tion of Channel Island routes, and

was in talks all day yesterday try-ing to avoid a total shut-down of both its Europeen and Irish routes.

The stoppage declared by Sea-link's crews is only the latest and

most dramatic of a sea of troubles that have plagued the company since privatisation.

It follows a series of rationalisa-tion measures, mostly forced on the management through adverse circomstances, and a string of poor re-

bility in the first six months of pri-vate - ownership, - when Scalink

Profits fell to around £8m in 1985.

but even that level of success could not be sustained, and the company was barely breaking even before the current industrial action began.

hit by industrial action over Wey-mouth now, since Mr Sherwood

was widely expected to withdraw

ers bought the company, and did

not do so.

te when Sea Contain-

Instead, the company faces in-

SEALINK UK management and Channel Islands, and the reinstate-strikes, and four were being occup-the maritime unions were talking ment of the 429 officers, ratings, ied in port by seamen and officers. for a third day yesterday in an ef-

ter Sealink UK announcement it men and the Transport Salaried was setting up a new company with. Staff Association yesterday pledged Channel Island Ferries to run a much reduced service to Jersey and unions. The NUR executive will on

Guernsey.

Scalink UK's services yesterday
continued to be disrupted by the
unions action. Of the company's 20
ferries, 10 were immobilised by

Thursday
captured to be disrupted by the
industries
wight.

were still running.

The National Union of Railway

Thursday consider balloting its 2,000 members in Sealink on taking industrial action. NUR members op-

Ferries face sea of troubles

Last night, Lucas reiterated its tough stance on pay - and said ne-gotiations with the unions would not resume until industrial action

The 11.000 workers at Lucas Electrical received letters from the company over the weekend, warning them the company risked losing large amounts of work if the industrial action continue

white-collar union ASTMS - reaf firmed their commitment achieve a negotiated settlement

Lucas pay row leads

ABOUT 2,000 car workers at Austin Rover's Longbridge plant in Bir-mingham were laid off yesterday use of the pay dispute at Lucas Electrical.

Manual and white-collar unions at Lucas plants in the Birmingham area are staging an overtime ban and work-to-rule in pursuit of an enhanced pay offer from the com-The dispute has caused Lucas

Electrical's supplies of head lamps and rear lights to dry up - bringing production of three Austin Rove models to a standstill.

was lifted

Yesterday, staff unions at Lucas urged the company to "cease threats of closure and dismissal and return to the negotiating table."

The meeting held between Tass, the manufacturing union, and the

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Richard Byrne, Director

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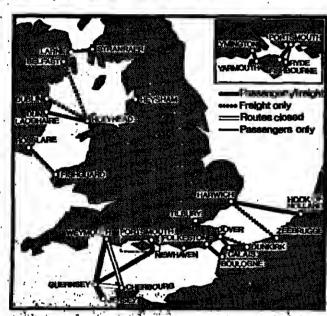
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Sea Containers bought Sealink to pay a little more and travel much more quickly by air, or to travel much more cheaply on the no-frills service offered by Channel Island despite a high price tag because Mr Sherwood believed private sector management and proper investment would unlock huge profit po-Ferries. This misjudgement was ex-pected to cost Sealink £7m this year, a level of losses too high to be His strategy was to make the

company competitive by improving services and reducing wage costs at the same time, hoping to attract more passengers who could be carof continuing poor performance on other routes Unless the seafarers' unions are onless the seararers unions are able to change Mr Sherwood's mind, 462 Sealink employees will lose their jobs, and the Channel Islands will be served by a joint service from Portsmouth run by a new company called British Channel Island Ferries. Sailings from Weymouth will continue during the summer season only. The expectation was that Scalink could make profits of up to £40m within three years, when it would be brought to the stock market for a That target was given some credi-

made profits of more than £12m. summer season only. The crux of the problem facing Mr Sherwood is that Sealink had been scheduled for privatisation al-most since the election of the Conservative government in 1979, and little had been spent on new equip-

It is ironic that Sealink should be ment in the next five years. The result was that Sea Containers inherited an ageing fleet unsuited to the changing pattern of the market, and has been unable to compete profitably to finance the nisition of the necessary new Instead, he opted to improve fa-

cilities on the two ships operating on the route to the standards of a five-star hotel, and to double prices, The increase in passenger traffic which benefited all the short sea ferry companies in the late 1970s and early 1980s has levelled off, and reasoning that Channel Islanders would be willing to pay for a luxury the major growth area has been in

In fact, passengers chose either freight, for which Sealink's older ships have only limited capacity. Sealink's major competitor, the Townsend Thoresen arm of European Ferries, on the other hand, has invested nearly £170m over the last five years in "stretched" ferries, including an extra freight deck, and new "jumbo" ferries due to enter sustained against the background

service next year. These ships will give Townsend Thoresen savings of up to 40 per cent over existing costs, leaving the company plenty of room for tariff manipulation should it wish to increase Sealink's difficulties.

link has also had to face the loss of British Rail's freight service through Harwich to Zeebrugge, and increasing competition from small er operators such as Kent Line,

On the passenger side, there is also vigorous competition from the aggressive Sally Line operation from Ramsgate, and Brittany Ferries, the French-owned service from

Plymouth to Cherbourg.

Apart from the rationalisation of Channel Islands services, Scalink has responded to the squeeze on its prospects by withdrawing from a number of routes, including the Isla of Man, and both Boulogue and Os-tend, previously served from Dover.

Mr Sherwood admits that some of the early decision taken after privatisation have not worked out well, but claims Sea Containers

Paul Lachausse, First Vice President,

Swiss Bank Corporation and export financing.

If you're not interested in foreign markets, just turn the page. And while you're turning, somebody

out there is making plans to grab the customers your company needs. Maybe it's already happening. A lot of companies make the news by learning about the international marketplace the hard way.

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Visa ruling to be speeded up

By Robin Pauley

up the introduction of visas for visi-tors to Britain from the Indian subcontinent because of a dramatic increase in the number of arrivals since the visa proposal was first

Mr Douglas Hord, Home Secretary announced yesterday that visi-tors from Bangiadesh, India and Pakistan will now need to obtain visas before they begin their journey if they wish to enter Britain after can states of Ghana and Nigeria which were included in Mr Hurd's in Exco.

announcement on September 1.

The rules are designed to sass the pressure on immigration officers at London's Heathrow Airport. A Home Office spokesman said tinent needing detailed investigatinent needing detailed investiga-tion into their reasons for coming to Poitsin

First City free to lift holding in Exco

BY DAVID LASCELLES, BANKING CORRESPONDENT

FIRST CITY Financial, the Canadian financial services group con-trolled by members of the Belzberg family, will be free to increase its stake in Exco, the UK foreign exny under a ruling by the Bank of

The Bank has decided that First City should not be governed by pro-visions which direct that no bank mgaged in foreign exchange trading may hold more than 10 per cent for visas for visitors from the Afri-City has built up a 10 per cent stake

> The Bank's provision, known as the O'Brien letter after a former Bank governor, is supposed to prevent a conflict of interest.

"If First City does increase its that since September there had stake it would call into question the that since September there had been a four-fold rise in the number of visitors from the Indian sub-continent needing detailed investigation. The continent needing detailed investigation of the continent needing detailed investigation.

A Bank spokesman said yester day that it had established through ssions with First City that it was not engaged in foreign ex-change activities that would conflict with its ownership of a broker. The Bank, therefore, had no objection to the group raising its stake beyond

holder has more than 10 per cent.

Mr Bill Matthews, Exco's chief executive, said he was not sururised by the ruling. But he added: "It is not for me to speculate about what might happen.

The Belzbergs, who have a reputation as corporate raiders, have shown an interest in Exco ever since it realised over £300m in cash from the sale of its interest in Telerate, the US market information

company, last year. First City Financial is based in Vancouver and has interests in banking, property, energy and oth-

Sales and credit demand point to retail buoyancy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

mand eased slightly in August, but amount of credit outstanding to the o strong underlying upward trend organisations covered by the figwas reflected in official confirmation of e further rise in retail sales from £20.84 at the start of 1986.

finance houses, and retailers

£2.72bn in July.

Over the latest three months, cent higher than in the previous three months, suggesting the upsurge seen at the beginning of this

THE PACE of consumer credit de- year is continuing. The total

Figures released by the Department of Trade and Industry yesterday show that new credit extended by finance houses and artifacts and in the economy which the picture of buoyant consumer demand in the economy which is the picture of buoyant consumer demand in the economy which is the picture of buoyant consumer demand in the economy which is the picture of buoyant consumer demand in the economy which is the picture of buoyant consumer demand in the economy which is the picture of buoyant consumer demand in the economy which is the picture of been fuelled both by increased perthrough bank credit cards totalled sonal borrowing and by strong rises £2.68bn in August, down from in real, or inflation-adjusted earn-

ings.
In August the volume of retail

VAUXHALL SALES FALL TO LOWEST IN FOUR YEARS

Ford wins over 30% of new car market

FORD captured more than 30 per cent of the UK new car market in September for the first time this year. Its gains were made mainly at the expense of General Mo-tors' Vanxhall/Opel subsidiary. Its 11.10 per cent share was the lowest for four years. Statistics from the Society of

Motor Manufacturers and Traders yesterday showed Rover Group (Austin Rover plus Range Rover) with a 1431 per cent nearly six percentage down from the same

A factor in Ford's good performance last month was that it was left short of stock towards the end of the annual August sales boom, resulting in a carry-over

ver, there is also some disfaction within Ford at the Il-strengthening position of a Sierra in fleet markets. De-

UK CAR REGISTRATIONS 1985 1986 1,541,883 689,607 872,276 % 100.00 1**985** 13,615 % 100.00 43.58 56.42 30.58 14.81 11.10 4.02 7.94 5.73 4.14 3.45 2.50 1985 1,502,531 623,386 878,165 394,659 273,675 250,233 61,800 83,144 88,730 59,588 47,242 44,267 100.00 147,203 64,155 83,048 45,026 21,803 16,335 5,914 11,583 8,436 6,087 5,079 3,674 61,897 41.49 58.51 26.27 18.23 16.65 4.11 5.53 5.91 3.97 3.14 2.95 43.10 58.90 24.87 20.89 13.57 5.36 8.58 5.79 2.54 2.51 43.43 56.57 27.19 16.22 15.15 4.62 5.56 5.93 3.78 3.51 3.20 418,264 250,158 233,564 71,282 35,721 29,718 19,485 7,891 12,323 8,317 3,646 3,610 85,689 91,422 58,210 Audi/VE 54,183 49,263

While the company has been offering low-linance terms on some models, it insists that the

current performance is being

achieved without excessive in-centives, particularly to dealers. Vauxhall, which is making

heavy losses, yesterday blamed its poor market performance

in third.

mand, according to Ford, is start-

Source: Society of Motor Ma.

ing to outstrip supply.

The Sierra secured second place in the September list of "top ten" best sellers, with 16,895 sold – almost double the 5,743 sales achieved by its arch-rival Vauxhall Cavalier. Ford scored a hat-trick last month, with the Escort in first place and the Flesta

partly on a new pelicy to place profitability ahead of volume and ment withdrawal from schemes other than run-out bonuses on the old mod-

It also blamed shortages of the Astra, Nova and face-lifted Cava-lier for its worst performance since September 1982.

Government urged to spend extra £25bn on infrastructure

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

AN EXTRA £25bn needs to be spent of British Architects. over the next 10 years to get Britage systems into good repair, according to the construction industry keeping the infrastructure in rebody, the Group of Eight.

mate to be discussed with the Gov- year extra for repairing sewers and an agreed figure for the amount of renewal. money which needs to be spent on the infrastructure, and for a budget to be allocated to meet it.

"We want to ensure that enough ain's homes, cities, water and sew-money is available to be spent on

The group – which represents construction industry employers, expenditure a year for 10 years, trades unions and professional associations - has prepared the esti-repairing council houses, £400m a ernment in an attempt to arrive at water mains and £100m for urban

The extra £2bn a year needed for repairing council houses comes from the Government's own fig-"We're not just lobbying for ourselves and for work to keep the construction industry fat and happy,"
said Group of Eight chairman Mr
Larry Rolland of the Royal Institute ing in England and Wales alone.

TENNECO INTERNATIONAL N.V.

7%% Guaranteed Debentures Due November 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture deted as of November 1, 1972, providing for the above Debentures, there will be redeemed for eccount of the Sinking Fund on November 1, 1986 (the "Redemption Date") \$2,990,000 principal amount of the 7%% Guaranteed Debentures Due November 1, 1987 (the "Debentures"), at the redemption price of 100% of the principal emount thereof plus accrued interest to the Redemption Date.

On end effer the Redemption Date the Debentures designated above will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to November 1, 1986, attached, either, at the option of the holder, et the office of Chemical Bank, by mail; P.O. Box 25996 Church Street Station, New York, New York 10008 or Chemical Bank, by hand; Corporate Tellers, 55 Water Street—Room 234, 2nd Floor North Building, New York, New York 10041 or at the main office of Chemical Bank in London, or the main office of Hollandsche Bank-Unie N.V. In Amsterdam, the main office of Commerciale Italiana in Milan, the main office of Banque Nationale de Paris S.A. in Paris, or at the main office of Kredietbank S.A. Luxembourgeoise

Interest on the Debentures so designated for redemption shall ceese to accrue on end efter the Redemption Date. All coupons maturing efter said date which appertain to such Debentures shall be void. Coupons maturing on November 1, 1986, should be detached and surrendered for payment in the usual manner.

TENNECO INTERNATIONAL N.V. By: Chemical Bank, Trustee

Dated: September 29, 1986

Holders of the Debentures presenting Debentures for redemption to the New York paying agent will be required to comply with the Interest and Dividend Tax Compliance

Redemption Notice

National and Grindlays Bank Limited

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated November 29, 1972 under which the above-designated Bonds are issued. \$2,096,000 aggregate principal amount of such Bonds of the following distinctive numbers has been drawn for the annual redemption instalment on November 15, 1986 (herein sometimes referred to as the annual redemption date):

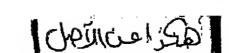
Payment of the redemption price of the Bonds specified above will be made on the annual redemption date at the redemption price of 100 percent of the principal amount thereof. (a) at the Corporate Trust Services Department, of Citibank, N.A. (formerly First National City Bank), the Principal Paying Agent under the Trust Deed referred to above, No. 111 Wall Street, in the Borough of Mamhattan, The City of New York or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London, Paris, Brussels, and Citicorp (Limembourg) S.A. in Luxembourg, and the principal offices of Lloyds Bank International Limited (formerly Lloyds & Bolsa International Bank Limited) in Amsterdam, Lloyds Bank International (Belgium) S.A. (formerly Lloyds Bank (Belgium) S.A.) in Brussels, Lloyds Bank Limited in London and Lloyds Bank International (France) Limited (formerly Lloyds Bank Europe Limited) in Paris. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City, or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on November 15, 1986. On and after the annual redemption date, interest on the said Bonds will cease to accrue, and, upon presentation and surrender of such Bonds with all coupons appreximing thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Principal Paying Agent. The amount of any missing unmatured coupons will be deducted from the sum due for payment.

Coupons due November 15, 1986-should be detached and presented for payment in the usual manner.

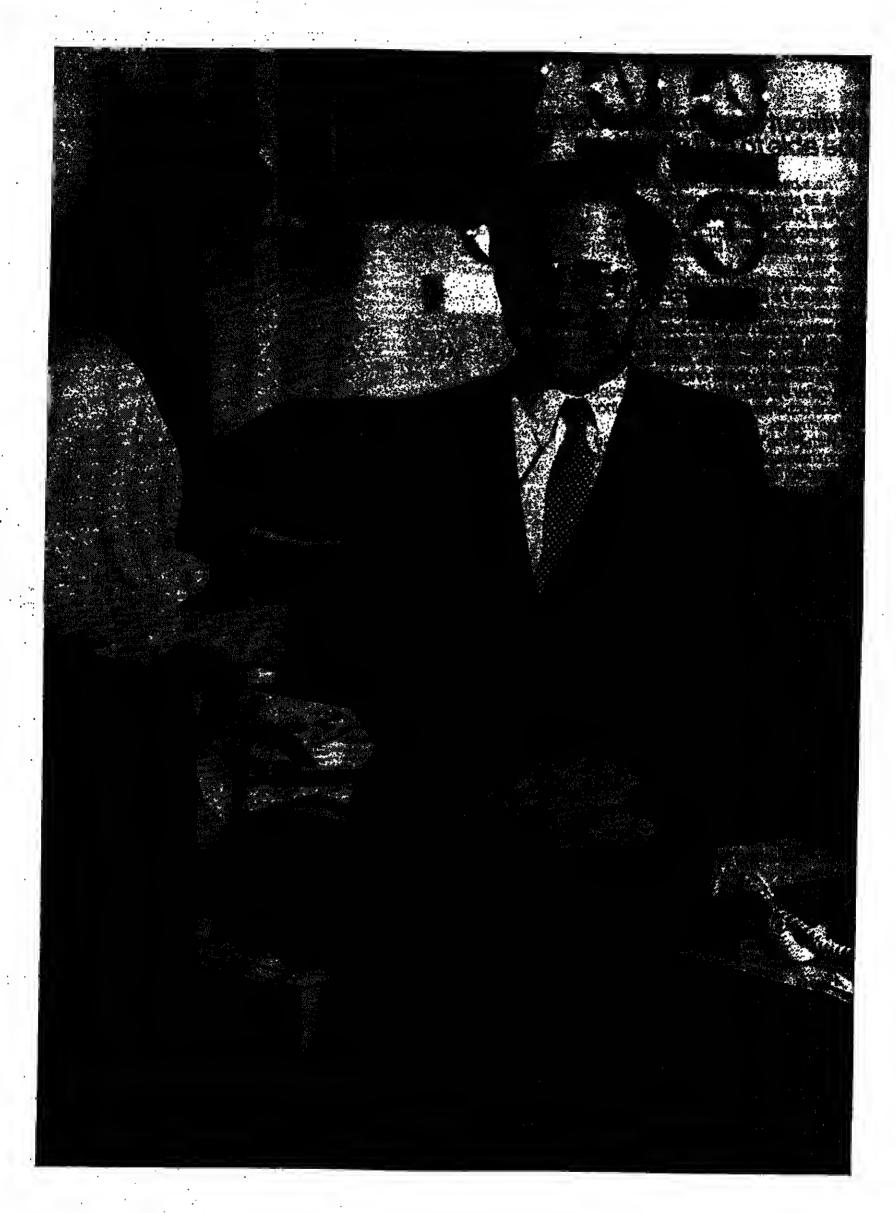
Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Divideod Compliance Act of 1983 unless the Paying Agent has the correct tax identification number (social security or employer identification number) or Exemption Certificate of the payee. Please furnish a properly completed Form W-9 or Exemption Certificate or equivalent when presenting your Securities.

GRINDLAYS BANK p.l.c. (formerly NATIONAL AND GRINDLAYS BANK LIMITED)
By CITIBANK, N.A. as Principal Paying Agent

October 7, 1986



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Parcels company is milestone for Unlisted Securities Market start in January

BY ALICE RAWSTHORN

THE London Unlisted Securities

500th company to join the market. Given that the USM was devised for young, growth-hungry compa-nies, Interlink could scarcely be more appropriate as its 500th entrant. Five years ago its founder, Mr Richard Gabriel, was revving his Kawasaki around the streets of central London as a motorcycle messenger. His company has joined the USM with a market capitalisation of £30m and, once the flotation is completed, Mr Gabriel will be-

ment for a listing - 359 companies are still quoted on it, with a collective market capitalisation of £4.2bn.

The USM has been even more productive in creating millionaires than publicly quoted companies. According to the accountants, Touche Ross, the junior market has produced 544 paper" millionaires, that is people whose shares in their comall, devised by the stock exchange

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And pulling together can mean the

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difference between pulling away from the competition and being left dead in

ing is all about pulling together.

So everyone's in the same boat.

departments.

THE London Unlisted Securities Of the 500 companies that have US cookie company. Mrs Fields Market yesterday marked another joined the USM - and the stock excame to the market in May as the milestone in its development when Interlink Express, the overnight parcels delivery service, became the ters to pick up 84 per cent of the shares. Yet the company's founders, Mrs Debbi Fields and her husband

Randy, collected £24.7m in cash from the issue.

panes are worth more than £1m af- as a junior tier to the main market ter flotation, 48 "cash" milionaires.
Undoubtedly the USM's most hacrative flotation, for its founders at least, was that of Mrs Fields, the

Without departmental computing, you may not be able to pull ahead.

Satellite channel to

BY RAYMOND SNODDY

SUPERCHANNEL, the British sat-schedules is expected later this ellite television channel aimed at month. the European market, plans to launch its 24-hours a day service in the first week of January.

The launch of the channel, owned by 14 of Britain's independent telerision companies and Mr Richard Branson's Virgin Group, was ex-pected this autumn. It was delayed by negotiations with the unions, such as Equity for actors, on rights to transmit British television programmes to Europe.

Agreement with the unions is now believed to be close and an anment on the launch of the channel and outline programme

Superchannel is a joint service with Music Box, the pop music channel which is already available to around 5m homes in Europe. About 10 hours a day of Music Box programmes will be included in the new Superchannel services. Apart from Music Box, the rest of

the Superchannel schedule will be taken from prime-time ITV and BBC programmes usually recorded. Independent Television News will be providing a special programme of European news every day. Superchannel will be transmitted

by the ECS1 satellite and will be fi-

Offices 'need to be rebuilt'

ONE THIRD of the office accommo dation in the City of London and and in their immediate surround-ings will need to be rebuilt over the next 10 years, Edward Erdman, the

City surveyors, has estimated, writes Paul Checoeright.

In a report on the implications of deregulation for the London office market, Edward Erdman predicted continuing growth in the demand for space and in rental value.

The report is critical of City plan-ning policies and its predictions of market growth are hinged to the ca-vest that "planning policies do not cripple the regeneration."

Top posts at IC Gas Showill

mr Michael Rendle has been appointed a deputy chairman of IC GAS (Imperial Continental Gas Association) and chairman of the group's executive committee. Formerly a managing director of British Petroleum, Mr Rendle joined the IC Gas board last January. He is also a director of Petrofina and Willis Faber, and is deputy chairman of Editish Borneo Petroleum Syndicate. He assumes responsibility for the executive committee from Sir Dermot de Trafford who remains deputy chairman of IC Gas and chairman of Calor Group. Mr Jack Watt has retired as daputy chairman hut continues to serve on the board.

**Mr Charles Longbottom has been appointed a part-time member of the board of BRITISH SHIPBUILDERS for two years from October 1. Mr Longbottom, a co-founder of the Seascope Groop, is chairman of Seascope

Mr Graham Jarvis has been appointed a director of EASTERN INSURANCE & RE-INSURANCE. Mr Douglas Hay INSURANCE. Mr Douglas Hay assumes responsibility for the company's management. These changes follow the retirement of Mr Eric Gelbourn, although he will remain as a consultant. Tha company is so underwriting agency wholly-owned by Stewart Wrightson Holdings.

THE RUGBY PORTLAND CEMENT has appointed Mr C. P. Jackson to the hoard. He is chief executive of the UK cement

BANK OF IRELAND has appointed Mr Eric Mahoney as managing director of British Credit Trust, the bank's British instalment credit company. He was executive director of mortgage banking at Citibank

STREETS FINANCIAL MAR-KETING part of Addison Con-sultancy Group has appointed Mr Jonathan Mitchell as a director. He joined National Mutual Life Assurance Society in 1976 and becama assistant general manager (marketing) and a main board director.

Mr John Chadwick, director of the Sunridge Park Management Centre, has been elected chair-man of the BRITISH MANAGE-MENT TRAINING EXPORT COUNCIL. The depoty chairman is Mr Patrick Forsyth, a director Marketing Improvements,

Mrs Shella Kemp, managing director of Research & Auditing Services (RAS) has been appointed to the main board of BARHAM GROUP, RAS was acquired by Barham Group in July. Mrs Kemp, who founded the company, is a full member of the Market Research Society and its council, running its field committee,

PB SECURITIES, DOWN DE BOER & DUCKETT, stockbrokers, has appointed Mr Christopher de Boer and Mr John MacArthur as deputy chalrman, Mr William Smith as managing director, and Mr Simon Clegg, Mr Murray Pullea, Mr Nicholas Chamberlea, Mr Donald Duffy, Mr William Custard and Mr Langdon Staveheson as directors.

DAVIDSON PEARCE has appointed Mr Mergan Johnson as chief executive. He has been managing director since 1981. Mr Brian Emsell and Mr Simen Yardley are appointed managing directors. Both were deputy managing directors. Mr Paul Clark, who joined from Van de Bergs in September, has been apopinted a vice chairman. Ms Jane Steel and Mr Siman Rat-

Mr A. K. S. Franks has been appointed chairman of BECK ELECTRONICS, which was formed to acquire the ceramic capacitor and filter manufacturing business of STC Components, supported with funding from 3i and CIN Industrial Investments. Mr Franks is also chairman of Phicom.

Mr Charles Longbottom has been appointed a part-time member of the board of BRITISH SHIPBUILDERS for two years from October 1. Mr Longbottom, a co-founder of the Seascope Groop, is chairman of Seascope Insurance Services and of Seascope Shipping Ltd. He is also a director of Heny Ansbacher Holdings. Mr Longbottom has held a number of posts in the shipbuilding sector including the chairmanship of Austin & Pickergill (1966-72) and of A & P Appledore International (1970-78).

Dr Allan J. Fox has been appointed managing director of the newly-formed IT INSTITUTE which has been set up by UK industry in partnership with the Cranfield Institute of Technology. He was deputy director (applied physics) of the Royal Signals and Radar Establishment in Malvern, where his prime responsibility was the development of electronic technology.

Mr Geoffrey Powell has been appointed managing director of GRANADA TV RENTAL. He joins from Imperial Group, where he was chairman and chief



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resupac

Mr Geoffrey Powell, who has

executive of Imperial Foods (General Products). He succeeds Mr Bill Andrews, who becomes chairman of Granada TV Rental and group director of Granada's retail and rental division.

CITICORP INVESTMENT BANK has appointed Mr L. J. S. Komaromy as vice-president with responsibilities for marketing investment management services to UK pension funds and institutional investors in Holland. He was marketing manager for Henderson Pension Fund Management.

Mr Michael C. L. James, has been elected senior vice-president and regional treasurer of AMERICAN EXPRESS BANK. He has been heading the bank's treasury division in Europe, the Middle East and Africa regions for the past three years.

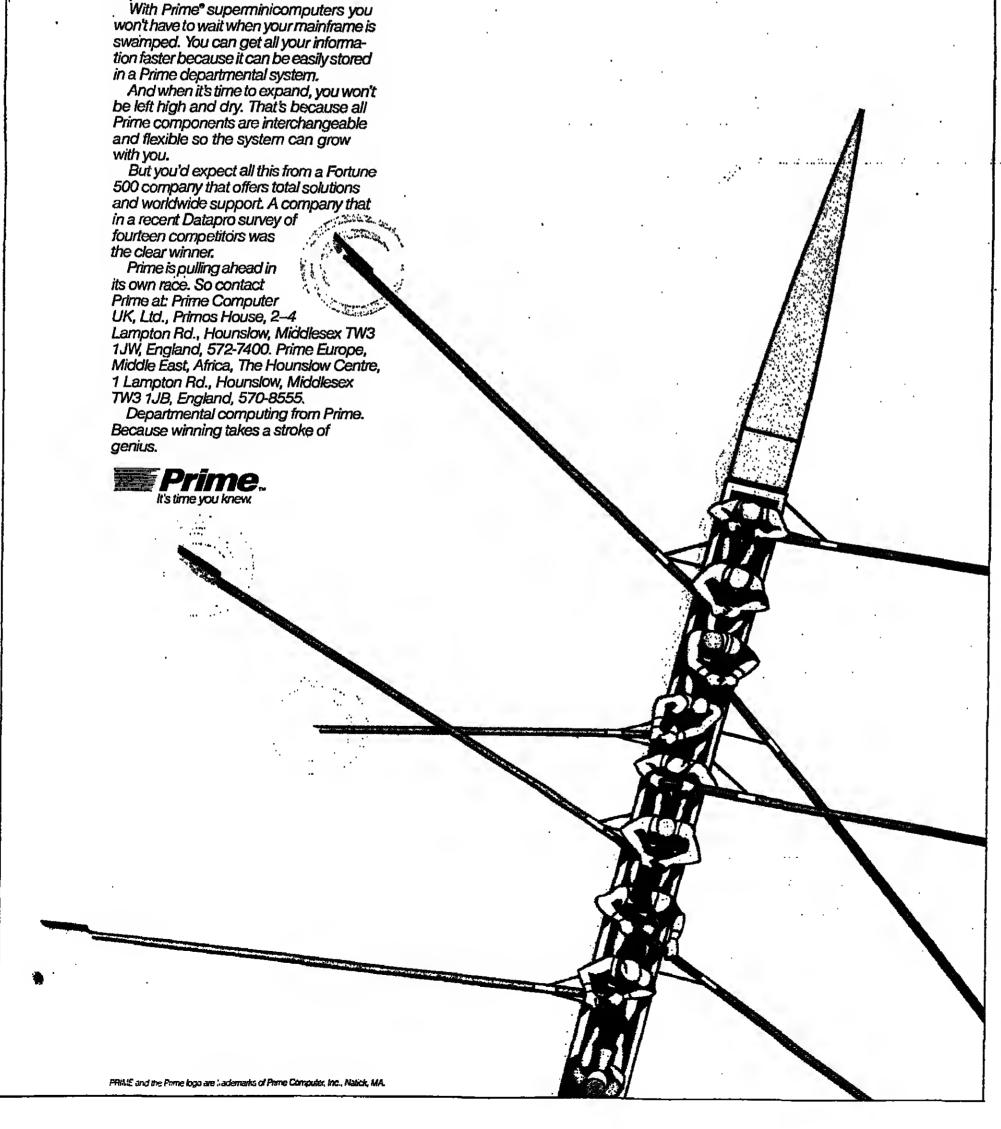
Mr Stephen Henderson has been appointed director of the reinsurance worldwide division of BAIN DAWES.

CAMERIDGE CAPITAL has appointed Mr Gordon Montgomery as a director.

ing business of STC Components, supported with funding from 3i and CIN Industrial Investments. Mr Franks is also chairman of Phicom.

**

JOHN MOWLEM AND CO has appointed Mr J. P. Finneane as managing director of Youngman System Building, modular huild-





Ermenegildo Zegna pride themselves on being a hallmark of quality that can be found only in the finest stores throughout the world.

UK NEWS

Philip Coggan looks at the changing image of Glynwed International

Showing the patience of Job

Mr Gareth Davies, chief executive of industrial group Glynwed International, is a patient man. He first thought of a bid for Brickhouse Dudley, castings manufacturer, in 1982, but it was not until June this year that relative ments allowed. but it was not until June this year that relative price move ments allowed him to make his move. "It needed 8m shares when we first looked at it," he recalls, "we ended up using 5m"

Tuesday October

It has required the tempera-ment of Job for Mr Davies to convince the markets that there are profits to be squeezed from the tollection of seemingly mature biltinesses—steel, engineering; tubes and fittings—that make up till filtjority of the Glynwed group;

Changing the liftage of Glynwed has involved shedding loss-making subsidiaries, cutting the gearing and seeking out nicite markets in steel, consumer products and plastics. And it has meant an ambitious commitment to 20 per cent annual earnings growth.

Glyawed has never been purely a metal basher. Its fire-ducts range from Aga cookers to Australian plastic piping. Hi the last full year, the consumer and bilding products division contributed £9.5m., almost a quarter of operating profits.

That is not to say that Glynwed is ashamed of being a widget-maker. They are extremely good at managing unexciting businesses," believes Mr Colin Fell, an engineering analyst at Scrimgeout Vickers: The figures seem to prove it. Pre-tax profits which were \$13.7mt in 1982 are likely in too. £13,7m in 1982 are likely to top

They are extremely good at managing

ST ATOLTES Prof.



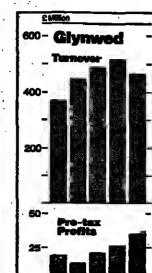
wed to survive: Fifsh the flown-turn in 1974, when the share price touched 299 life saring reached 120 per 68 it, had rammed home the importance of figures controls. As histore director, at payles was stready rithing a tight say.

ritining a tight ship.

Second, Glynwed anticipated the recession. In 1978, the metor industry went into a downturn and in committee, the Glynwed management feresaw the shimp spreading to the rest of the economy. "We decided that Margaret Thatcher medit what said chairman Sir Lefting Fletcher, and the working was accordingly cut by a strick third and 15 factories were closed or sold.

The third factor was Glyn-

The third factor was Glyn-gold diversification overseas. In 1981, when Glynwed acfileved what was then e record front of 119m, over half those profits came from abroad. The main contributor was the South African subsidiary, Defy.



Breitan was bought in 1979 when the pound was strong against the dollar and sold when it was weak.

That knack for well-times decisions was re-emphasised when Dety moved into the red. Glyriwed had no nesitation in dropping the company which had helped pill it through the like recession, and sold the bills of its stake in December 1992. Sittaentiest events fix to be a good decision.

Hist to he a good decision.

Al tild accommy pitked up special. Silviwed's thoughts through the silviwed's thoughts through the silviwed's thoughts the silviwed at the silviwed silviwed to expansion. But it is interpreted for further ability in the special silviwed the silvied a market researcher to discover what the City really thought discover what the City really thought of

what was then e record front it.

He concluded that the city's came from abroad. The main contributor was the South African subsidiary, Defy.

Glynwed took advantage of its strength to acquire companies which had bounced less quickly out of the recession. Although interest chief high lifes are partied as an unexciting were add-ons to areas of existing company with high-yielding shares. The recession that followed proved the mettle of the Glynwed management.

Three things enabled Glyn
what was then e record front it.

He concluded that the City's overwhelmide inipression was overwhelmide inipression to an overgenciate in the contributor was the South afficiant subsidiary. Defy.

Glynwed took advantage of the initial interest in filed information interest in the contributor was the South afficiant with a contributor was the South and an overgenciable in pression helped shaft of the company of an overgenciable interests in interest in interest chieffication were of the company of an overgenciable interests in interest in interest in interest chieffication of an overgenciable with interest in interest interests in interest in inter

Countering the perception of mature businesses meant a fresh round of acquisitions and disposals. Out went some engineering companies, of which the most significant was which the most significant was Glynwed Fastenings, sold for 55m to Armstrong Equipment in March this year; in came Delta Tubes and two plastics companies, the largest being the Australian Philmac bought for \$8.7m in March.

28.7m in March.

The industrial strategy was to treate a mark, vertically integrated group. This was a particular reason for the purchase of Brickhouse Distley, which strengthened Glynwed's distribution capacity in cast from tubes and fittings. With this fielp of its manufacturing arm, Glynwed Foundries, the compaint now claims to control 85 per cent, of the UK cast-from points fisher for rain water, soil and distings products.

This was the more place to

There was the mere piece to fit lith the ligaw. "We needed a per by which the City could identifier us," says Mr Davies. This, one he chose was fifth primise of 20 per child life growth, a commitment designed to startle those who had written off Glyhwed as a mature business. Both the Brickhouse and the Philippe acquisitions were bought at a price which would not dilinte earnings growth.

Analysts are cautously confident that Glynwad can meet Mr Baveer's forecast. "It is fairly ambitions and they with inclines are the captures of the confidence of the confiden

Our objective is to keep the gearing below 40%

times the larget in the medium term as long as the economy desir't fall out of bed." Where might the add-one bet "There is no doubt that platific is no doubt that platific is a major area of growth for them " argues Mr Fell and certainly the Philmac abquisition is already percuived at a bargaint Whatever the farget, Mr Bayles has probably been Witching & for years.

CONTRACTS

Hong Kong's biggest container terminal

HONG KONG International Terminals, an 89 per cent heid subsidiary of the Hutchison Whampon Trading Co. has been awarded a HESSEM (£51m) civil works construction contract for container terminal number six it the Kwai Chung container terminal number six it the Kwai Chung container terminal number six it the Kwai Chung container terminal number six it the Hong Kong's New Terminites to a jeint venture led by Japan's Kumagai Gumi.

The codfract is one of the ingest marine fill rechambition projects to have been under taken in Hong Kong. Work-commenced on October I and its scheduled for completion in late 1989.

The work includes reclation

id scheduled for completion id late 1989.

The work includes reclationing 28 hectares of land with marine-fill from areas if sea led at Ma Wan of morthern Lantau island, and with additional land-fill coming from Tsia Yl island. When completed, it will almost double HIT's terminal landling espacity to L6m continuers a year and expand the total area to 57 hectares.

The terminal will have total area to terminal will have the largest fourth generation and "Supermax" ahips and it will be the largest single container Helitity in Hong Kong.

Ethnagit Guint's two parties in the judit vertice are the Jaganess trading house, Mitanti and City and Hant International Bifeagilis Contractors, part set life Duickie contractors, part set life Duickie SV. In the first eight months of the year. Untendified BV. In the first eight months of the year. Untendified BV. In the first eight months of the year. In the status of the HIT was 651,660 chantiners for the corresponding petied of 1983.

WILCON. CONSTRUCTION: building division of Whisin (Connolly) Holdings; has negotiated three design-and-build contracts worth nearly. 23 pp. Two of the awards, for London-based Baltic Development. 25 pp. Two of the awards, for London-based Baltic Development. 25 pp. Two of the awards, for London-based Baltic Development. 25 pp. WellingBerongh. 35 pp. WellingBerongh. 36 pp. WellingBerongh. 37,000 sq ft speculative individual finit. The £42,000 pp. 15 pp.

facade, is pre-let to Coopers and vehicle bay, office and production Lybrand, and is due for completion in August 1987.

JOHN WILLMOTT has been awarded a contract worth about f2.5m by St Albans District Council for the construction of 36 houses and 58 flats at The Camp, St Albans. A contract in the region of £1.27m for the Property Services Agency has been piaced for re-recong, repulity and redecoration works to Chiffie Hodge, W14. Actionate in the region of £1.27m for the Property Services Agency has been piaced for re-recong, repulity and redecoration works to Chiffie Hodge, W14. Actionate in the branch at Kings Mall, the property is swarded in £840,000 contract for the first place of the alterations was the development of a manage—mint suite at 1-15 King St, some been placed for re-recong place consists of re-location for the branch at Kings Mall, the processing equipment of the first floor to enable the development of an enlarged public space with unscreened low transaction cashier points. The contract, worth arising £55,000, by the Frederity Services Agency for preliminary building in Parliament Street, SW1.

**RORD AND WESTON has won contracts to talling £2m. They include two hearts that the first floor to enable the development of an enlarged public space with unscreened low transaction cashier points.

**REK has been awarded two contracts with the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the distribution of gas to the town of Chingott, and the provided for the di

FORD AND WESTON has won contracts totalling 22m. They include two heuring improvement schemes, worth \$500,000, for Skitth Derbyshire District Council, a 2500,000 housing midintaring programme for Berby City Council, a fire reinstatement contract worth 120,000, at Balper High School, for Leabythire County Council and the contract worth 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire Council and 120,000, at Balper High School, for Leabythire Council and 120,000, at Balper High School, for Leabythire Council and 120,000, at Balper High School, for Leabythire Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper High School, for Leabythire County Council and 120,000, at Balper Hi

SHAND'S building division has won four contracts in the Mid-lands worth more their 21.5m. The largest is for Construction of six loading sicks and a warehouse extension for the Wilkington and a warehouse extension for the Wilkington at Cariton-in-Lindrick, near Worksop. The structure will be portal-framed with bricks which and metal cladding lincitided in the 5545,000 contract are racking, sprinklers and drainage. Work has started on building Fosse Primary School, for Leicestershive County Council 5580,000 contract comprises a two-storey building of building Fosse Primary School, for Leicestershive Council 5580,000 contract comprises a two-storey building of building for the cavity wills with flight 1,058 square metres floor area, to the kitchen and hall. For Chiefersell Borough Council the kitchen and hall for Chiefersell Borough Council the bungalows with all torque works and services and bungalows with all torque works and the second bungalows with

Alteration and refurbishment work by BOVIS CONSTRUC-

2311,000, Pedestrianisation of the bentral area of St Ann's Road, Harrow, with modular block pavilig, seating areas, planters, trie pits and other feature work are part of a contract for the Leidin Borough of Harrow, value £356,000.

Looking for oil in the jungle

ROBERTSON RESEARCH has been awarded a three-year contract by the national off company of PER (PETROPERU) to carry out a detailed exploration evaluation of its relatived aireage in the jungle areas in the sast of the country. The objectives include the identification of delilable structures to obtained new oil reserves for Peru, whose production has been deciding in recent years. The work will involve a multi-disciplinary isolinical team. The contract, disciplinaing to £4.7m, forms pert of a large (US\$50m) programme, swippantially funded by the Inter-Affidinage Development Bank, Washington Dec. ROBERTSON RESEARCH has

RACAL-DANA INSTRUMENTS INC. has been awarded a contract for its universal counter model 1892 by the US Air Force Briggistics centre at Kelly Air Force Base, Texas. The five-year contract, for between 8,000 and 12,500 counters, is worth an estimated US\$10-16m (£7.1m-£11.4m) as latefuls on the final number of

units purchased. Deliveries dur-ing first contract year alone are expected to be worth more than \$4.5m (£3.2m).

HILL GRAHAM CONTROLS has been awarded the first phase of a contract valued in emess of 15m to supply and instal variable speed control goar on a fleet of ferry boats. The contract was placed by British Shiphuiders on behalf of PZ Trading A/S of Denmark and covers the construction of 24 vestels at the North East Shiphuiders' yard in Sunderland, Sea miss of the first two vessels, included in the initial contract phase, will commeace in May 1967 with official launches scheduled throughout three years from that date. Once in service, the 1,350 tonnes dwt ferry boats will carry passengers, vehicles and general cargo between various Danish islands and the mainland. The order specifies high technology control gear to vary the speed of each vessel's four fixed-pitch thrusters which are individually driven by 550kW ac cage motors.

An £800,000 contract to npgrade various Royal Air Force TRN-26 TACAN (tactical air navigation) beacons has been won by RACAL AVIONICS. Flight check-RACAL AVIONICS. Flight checking on the system is now taking place with commissioning of the system expected in October. The TRN-25 TACAN, manufactured by E-Systems in the US and sold under licence in the UK by Racal Avionica has been procured by the Royal Air Force to supplement its ageing ground TACAN beacons. Racal Avionics, which has supplied 21 TRN-26 beacons te the Ministry of Defence for use in West Germany. Cyprus, Falkland Islands and in the UK, will undertake the high power TACAN upgrade programme, carry out the testing, and provide angoing support to the Royal Air Force.

Mersignide Development Corpo-ration, his swarded RALFOUR REATTY BUILDING a contract, villed at \$505,000, for the re-furbishment of a dockside transit shed. The contract includes re-roofing, brickwork repairs, floor repairs, drainage, partitions and redecoartion to create an area for occupation by small indus-tries redeveloping the disused South Docks of Liverpool. Work is scheduled for completion by April.

Pick specialist SANDERSON COMPUTERS. distributor for C. Itoh minis in the UK, has won orders worth £750,000 for the latest, the B2-bit 300 series. Customers include TI Reynolds, Goldsmiths, Bramah Engineering, Lancaster University and Newcastle Polytechnic.

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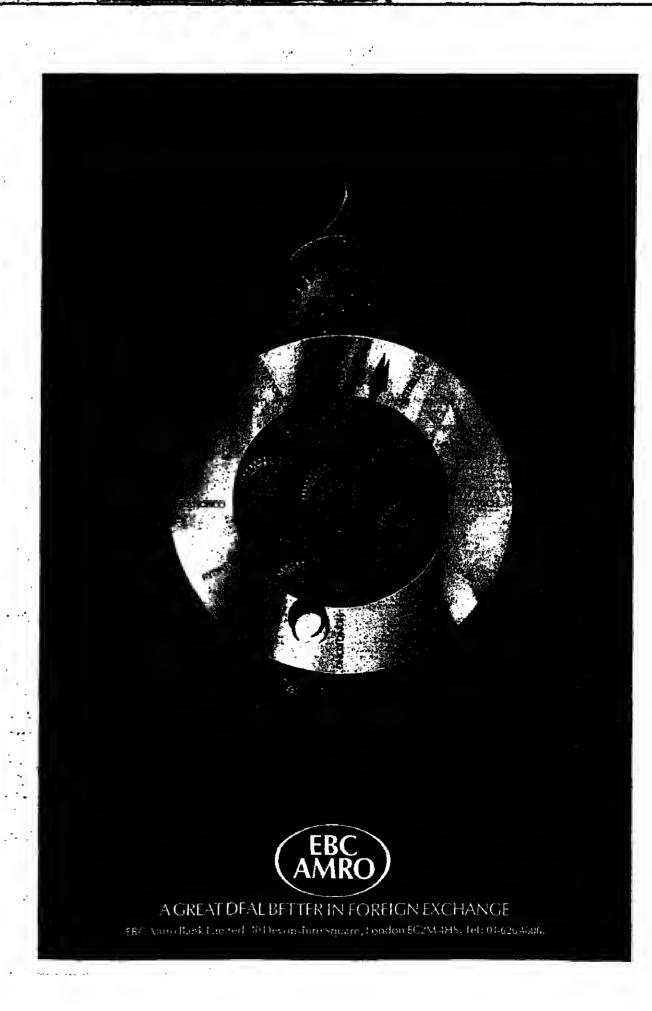
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The person you should contact is Nigel Pullman on 01-248 8000.

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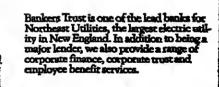
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MANAGEMENT: Small Business

Design duo set fair in link up

SELLING MODERN British furniture to Italy, cradle of the innovative and the evant garde, is no mean feet. For a pair of fresh-feced young designers newly out of college (the Royal College of Art) the idea of tak-ing a stand at the prestigious

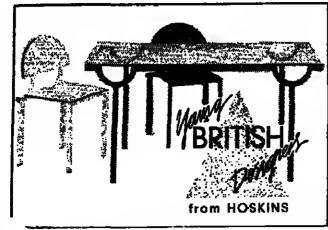
Bagging a last minute can-celletion at the Fair, they packed up their range of bright coloured tubular tables, stack-ing chairs and lighting, jumped on a flight to Italy, parked them-selves on the stand and waited for the uppeld's trade hypers and for the world's trade buyers and design press to descend.

The initietive paid off. Buyers, both retail and trade, from South America to Australia, Japan to France, and Canade to Spain and Portugal registered an interest. Eight Italian importers approached them to be distributors. British distributors were notable by their absence. The press waxed lyrical and the enquiry book spilled over—more than 600 eoquirles are now being pro-

For Paul Chamberlain and Peter Christian, the 28-year-—a pitiably rare one—might have been very different were it not for e Birmingham manufacturer strong on nerve.

Their champion was Hoskins,
e light industrial manufacturer with e survivor's instinct
for diversification. The company started life as a brass
founder making brass bedfounder making brass bedchange then at the turn of the Their champion was Hoskins. century it diversified into bospital beds and ships' berths. Hoskins claims it fitted out half the ships built in Britain at the time, including the Titanic and the Olympic.

After the two world wars, Hoskins recognised the Japanese threat to British ship-Hoskins recognised the Japanese threat to British shipbuilding and switched its attentions to the fast-growing
National Health Service, where
its metal "hygienic beds"
quickly replaced the old wooden
ones, until it became the
country's leading bospital bed
"Of course there's a high
gambling element," says
Hoskins. "It's fraught with
wrong, though we don't think
wrong, though we don't think
so. But many British companies
look at what the competition is
doing, moan like hell ebont the



Flux metal furniture which interested international buyers at last month's Milan Furniture Fair

staff, it has a turnover of without the investment or the around £6.5m. Last year it was Milan International Furniture taken over by the publicly-Fair is little short of cheek. quoted Scottish Heritable Trust which has interests in floor coverings, textiles, property and light industry.

A spokesman explains: "We looked in depth at e number of possible routes, eveo cars and aerospace. Modern furniture appeared to us to have e lot of potential and it tied in with our 'metal-bashing' skills." A fresh management team, including a new marketing director, Peter Confidence of the control of Gardiner, set out to track down e fruitful line in new business. They found Flux at the annual British exhibition in London British exhibition in London for trade and retail buyers called Style 86 (Style 87 opens in two weeks' time). Flux was exhibiting under the umbrella of the newly-formed Independent Designers Federation, e co-operative for some 70 individual designers.

Por Paul Chamberlain and Peter Christian, the 28-year-olds who make up Flux, the outlook is set fair. But their story — a pitiably rare one—might made of metal, if we can bend it or weld it, we'll have a go.'

"What we were short of was new design and, on the other side, it occurred to us that designers can't always be The agreement is flexible, with the designers having sold Hoskins a licence in return for a 5 per cent royalty. This leaves them free to pursue other de-sign commissions and freedom from the pressures of making, selling, distributing and so on.

supplier. Currently with 180 Japanese and then try to copy single-mindedness. Then when it fails they say, 'told you so.' Unless we bed changed our atti-tude, we'd have become another

chunk of British engineering

out of business." out of business."

When be first set out to identify potential new products for his company, Peter Gardiner was surprised by the wealth of domestic talent be found. "I wasn't aware there was so guich around," be now says. Once Flux was found, the company identified the market as mainly contract trade though with a contract trade, though with e certain "yupple" appeal. It located some 50 to 100 potential retail outlets in the UK. Indeed contract interest has come from supermarkets, dental surgeries, leisure centres and retailers. Recently two major shopping centres placed orders.

For designers Chamberlain and Christian, the choices facing them as they emerged from the Royal College of Art were either to go ebroad, join the talent drain and go to Europe where there is an eppetite for new design, or go it alone in the UK. "We had so many ideas, we wanted to work for

They recognised early on the importance, of marketing, which appealed to Hoskins. "Market-ing is just common sense," says

both the designers and Hoskins.
"Orders may still be thin on
the ground and profits even thimer," says the spokesman,
"but then the range bas only
been in production six months,
Anyone who thinks of going into modern furniture and get ting profits after six months is in cloud cockoo land. If 10 to 15 per cent of our inquiries become orders we're onto a financial as well as a design

Diverse routes to marketing

Martin Posner continues his series on exporting

Industry is expert in promoting

for example, joined a mission and travelled eight times to the US in 16 months gaining \$4m of orders as a result. The London

Chamber is contactable on 01-248 4444. Inward missions are

also promoted to introduce im-

Education

trading.

Budding exporters which wish

to increase their general over-seas marketing knowledge can

join the Institute of Export, 64, Clifton Street, London EC2A 4HB, telephone 01-247 9812. The institute has excellent education

and training fecilities which cover all aspects of overseas

One important hurdle when

selling overseas is product liability. The UK is expected

within the next few months to start following e new EEC directive which makes pro-

ducers, mainly manufacturers

rule is talk to a lawyer before entering into any overseas

contracts.
The final article will review

A FIRST-CLASS export agency anised by a chamber. The Loncould save a first-time overseas trader a great deal of anxiety by being able to place the right product in the right market; a commonly used method of finding one is to approach the British Overseas Trade Board's Export Representative Service. A preliminary discussion with the BOTB will be needed to cover the compeny's operations, sales literature and where possible, product samples should be provided. Armed with this information, UK embassies will contact potential representatives overseas and sound them out. The cost

of this service is £125. A simple and direct way to publicise the company to new customers is to put up a stand a: an overseas fair. This normally costs about £4,500. People exhibiting ebroad for the first time can reclaim 56 per cent of the cost from the BOTB. It is also important to remember that much goodwill can be generated by obtaining attrac-tive and precise translations of sales literature and price lists.

Publicity for a business can be handled by the BBC's Ex-port Liaison Unit, part of the corporation's External Service. The unit broadcasts interviews with exporters about their pro-ducts, visits abroad and trade fair successes. The BOTB also runs e corporate publicity unit. For exporters who wish to sell to e particular market area, the Arab-British Chamber of

Commerce is a fine example of bow a chamber can develop and introduce buyers. Its library has many unique reference books and statistics. Its visa section speedily handles applications for members and a weekly bul-letin identifies teoders, contacts, and gives an immediate over-view of the latest economic and commercial trends. Trade in-formation officers are also available to carry out research, and translations are also undertaken. Further information from 6 Bel-grave Square, London, SW1X 8PH. Telephone 01-235 4363.

There are ten other joint chambers of commerce offering similar services and another 14

Management buy-outs

A potential goes untapped

Andrew Fisher explains the negative climate in West Germany

don Chamber of Commerce and trade by arranging these tours Since the country has one of and claims that the success rate the world's most successful for gaining orders can be as high as 95 per cent. A west of England kitchen manufacturer, economies, that is hardly sur-

The problem is that there are not enough publicly quoted com-panies in which to invest. So what about financing manage-ment buy-outs, of which there has been a surge in the US and Britain in recent years? The snag in Germany is that

porters to prospective manufac-turers and suppliers. Exporters looking for prelimibuy-outs are still only a pros-pect, though an increasingly tantalising one, on the business borizon. Brooke, the bouncy nary leads can use the National Westminster Bank's International Monthly Bulletin which lists opportunities for finding new buyers and markets, the only such publication available chief executive of Candover In-vestments, the UK buy-out specialist, was in Frankfurt last week to tell German managers and bankers bow the notion of omy such publication available from any clearing bank. The BOTB Export Intelligence Ser-vice receives daily from diplo-matic posts enquiries for pro-ducts and services, calls for tenders and agents seeking UK managers being financed to run their own show had taken root

their own show had taken root in the UK.

"British investors would be extremely interested in investing in German buy-outs," be said. "They are under-invested in Continental Europe." The seminar at which be spoke, attended significantly by far more banking than corporate representatives, came only a few days after one of Germany's thrusting venture capital groups had publicly drawn ettention to what it saw as the lamentable lack of interest in buy-outs. lack of interest in buy-outs. Not that buy-outs are totally

unknown in Germany. There have been e few such as the Loewe Opta electronics and telehusiness and financial mentality. and change, has so far tended to exclude the notion of buy-

outs. Why is this? When it comes ducers, mainly manufacturers and importers, strictly liable for defective products that they put into circulation. Product liability insurance is a must, as claims against exporters can be astronomical. In this legal area, trade marks and other intellectual property need to be protected. For example, agents have been known to abscond with valuable trade marks. The rule is talk to a lawyer before to buy-outs, says Klaus Nathuslus, management board chairman of International Venture Capital Partners (IVCP),
"German managers stonewall."
Part of the reason seems to be conservatism and an unwillingness to embrace new-fangled ideas that smack of gimmickry.

Another could be that
managers themselves tend to
lack the confidence to think of themselves as possible entre-preneurs. Nathusius, speaker at

there are queues of British in-vestors just lining np to put to the idea of selling this par-money into West Germany. ticular operation to a third party. But the directors were taken aback when they dis-covered that the would-be pur-chaser was one of their own managers, about whose entre-preneurial abilities they were distinctly sceptical.

For reasons of commercial confidence, Nethusius is not naming the company in ques-tion. But he reckons that the manager could have bandled the task of running the operation on

his own.
IVCP, based in Luxembourg IVCP, based in Luxembourg where its shares are quoted, has been active in German venture capital for about two years. It has stakes in 14 fledgling and adolescent companies, 11 of them In Germany, two in the UK and one in France.

Of its DM 40m (\$20m) share capital, DM 16m has been invested. Virtually all of IVCP's funds have come from outside the Federal Republic, showing that foreign corporate and institutional investors are some way

tutional investors are some way ahead of those in Germany in their appreciation of venture capital possibilities.

Failures

About balf of the 14 companies are at break-even or better, says Nathusius. So far, none has gone under, though he admits that "we will certainly have our failures." Unlike the US, the venture capital scene in Germany is not expected to be characterised by spectacular

Successes or collapses.

Nathusius, also e director of the Cologne-based GENES consulting company which advises IVCP on likely candidates for investment, asserts that the latter's efforts to mount buyouts will be stepped up in the future. "There is e big interest from foreign investors who want to invest in bny-outs."

The problem is chiefly one of education and familiarity. IVCP intends to approach companies with operations outside their main activities and try to persuade them that these would be heat himself. be best hived off and run by their managers, "We see very

commitment to the company.

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TO HEAR Roger Brooke tell it, make the approach. This be did that they will—they will be come popular. One reason, be says, that not so many groups have considered hiving off marginal divisions is that diversification has never really been fashionable in German industry. Thos many companies are too integrated just to be able to sbed unwanted units. Foreign investors, he says, are eager to invest in vigorous

German companies, whether as financiers of buy-outs or venture capitalists, because they seek an insight into the country's varied technologies.

"Companies want e window into German technology. Thet window is very important to them." IVCP has tended to invest in firms which use advanced technologies, though it says it is interested in above average growth rather than hi-tecb per

Companies et the high-technology end of the business spectrum are not mostly the stuff of which the best buy-out candover's that the deals are made. Candover's Roger Brooke believes that the ideal buy-out company should be several decades old with e good market share and a not too glamorous product, so that it can be purchased at e reasonable price from a pareot which has lost interest in the operation.

Above all, it needs strong cash flow, with which to service the debt raised to finance the deal.

Many of the companies that would be ideal for buy-outs are family-run and controlled. "A family-run and controlled. "A vast proportion of successful well-run, well-equipped German businesses are privately-owned," stated Brooke. But an owner who built up e family business after the war was not easily persuaded to sell it off. In many private German companies, "management very often are not shareholders, just

stewards in a fuedal estate."
They may be adept at running the business but they are not necessarily au fait with the financial intricacles of modern corporate life and may thus find it hard to grant what a business. it hard to grasp what e buy-out involves or requires.

Brooke insisted that be was at the conference to tell German bankers and managers how to seek out and structure buycent of our inquiries orders we're onto a as well as a design offices, covering all major economies.

The final criticle will review offices, covering all major economies.

The final criticle will review offices, covering all major economies, as well as a design offices, covering all major economies.

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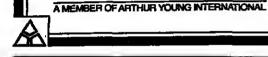
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Jorge Bolet/Festival Hall

Dominic Gill

recital on Sunday afternoon. He opened his programme with Haydn's tragic F minor variations as a prelude to Haydn's last, great sonata in E flat, to which the variations also lent their subtervanean colouring. Both were performances of the greatest delicacy, suffused with a lingering sadness. A notable expressive effect much used in them was a subtle desynchronisation of hands—not so much of vertical ettack, as a contrapuntal desynchronisation of melodic and harmonic strends, underlying the lonely indepenunderlying the lonely indepen-dence of the separate voices.

His account of Schumann's fis account of Schuman's C major Fantasy was similarly subdued — full of darkling lights, brief surges, sudden plummetings to the depths. His second movement tempo was very restrained; its famous molto piu mosso coda almost stately. The focus was on the slow final movement as the heart and summation of the

Jorge Bolet was on magisterial but excaptionally dark-humoured form for his piano recital on Sunday afternoon. He prejude—a canvag of magical prelude a canvas of magical

> As if to underline his theme. Bolet continued after the intersolet communed after the inter-val with Grieg's dark and meisu-choly Ballade op.24, which his deliberate tempos made sound more melancholy still. It was a besutiful, but wrenching, per-formance; and the dark clouds even cast their shadows over Venice—for the opening pages at least of his account of List's at least of his account of Lisat's Gondoliera were certainly closer in spirit to a dirge than to Peruchini's La Biondisa. The Canzone which follows in Lisat's Venezia e Napoli triptych is a sinister swirling recreation of another gondolier's song, and under Bolet's hands on this occasion it was dark with menace. The Tarantalla. with menace. The Tarantella, brilliantly, indulgently thrown off, was the afternoon's only ray of smilight: a cascade of gitter and yearning, sensuous and

John Lill/Barbican Hall

Dominic Gill

For many years after he won the Chalkovsky piano prize in Moseow in 1970 I found John Lill'a playing, and of Beethoven in particular, admirably proficient but prosaic, curiously wooden, lacking in dramatic presence. He was a solid, worthy but rarely an inspiring planist. That label stuck for a plants. That label stack for a long time, perhaps longer than it should; and two concerto performances earlier this year, both of them as exciting as they were proficient, made me won-der if a reassessment might be

Four years ago, Lill gave his first complete cycle of Beet-hoven sonatas on the South Bank. Between now and mid-December he is repeating the cycle in 13 lunchtime recitals on Tuesdays and Fridays at the Barbiage J. was a little dis-Barbican. I was o little dis-appointed last Friday by the opening recital; but it got distinctly better as it pro-gressed—and it will be interestgressed—and it will be interest-ing to see, especially at the assai with a rubato intens summits (except for the final it does not really need.

sonata, the order is not chronical), how the serie logical), how develops.

The first movement of Op. 10 No. 3 (D major) recalled for much of its length the same crisp, prosaic delivery I remember of old. But the great Largo had fine dramatic presence, and a lyrical unfolding whose firm-ness, and gentleness, struck me as quite new. What Lill decides to inflect expressively, and what he decides to leave uninflected, can be still something of o mystery. There was much powerful and penetrating expressive detail in the minuet and rondo—and several key moments, notably in the finale, which were left surprisingly bald and unmuanced.

This imbalance continued in the second sonata of his pro-gramme, the Apassionata, whose first movement was if anything. for my taste, marginally over-inflected, colouring an allegro

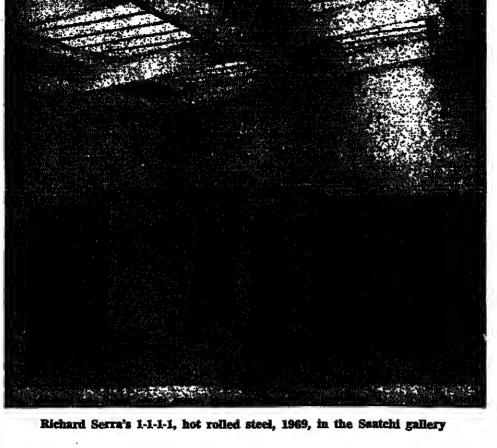
Mahler/Festival Hall

Max Loppert

Mahler symphony perform dramatic momentum) underly-mees by Klaus Tennstedt and ing the Knoben Wunderhors he Landon Philiarmonic have movements loses all possible the London Philitarmonic have moved hec London Philoarmonic nave increments loses and phecome a regular feature of threat of sentimentality. London concert life, But. as The unfolding of the Sunday's momentous Third work is pressed constant showed, it would be a mistake ward; the orchestra is re The unfolding of the whole work is pressed constant ward; the orchestra is rendered tirelessly alert to the need for clear lines and clean textures. The finale has seldom sounded less like a "slow movement" showed, it would be a mistake to take them for granted just for this reason. This was a Mahler performance filled to the brim with vitality, the kind that makes the long work fresh and makes even the most sated Mahlerian. Jisten with rewhen each strand is so urgently presented — Mahler's rightful place among the great polyphonists of music becomes underliable. Mahlerian listen with re-kindled interest and excitement. In Tennstedt's view of the work, and in the orchestra's marvellously sympathotic response to it, there are no slack points, no excuses for passing inattention; the argument runs.

with tant concentration through with tant concentration through the long movements.

Tennstedt is a Mahler conductor unafraid of musical sharp edges. Nervous intensity informed all six parts of the symphony—not just the solemn orations of the opening and the Nietzsche setting, nor the glowing chorale-like sequences of the finale, but equally the picturesque charms of the Flower and "Animal" neovements. Everywhere detail movements. Everywhere detail bristles with immediacy. Naturepainting gives off a charge of felt life," and thus the fund of Austrian folk - music rhythms (and of folk-tale



Saatchi Collection/William Packer

Complementary season

which by any reckoning is one of the most ambitious and substantial of modern times, is the generous and serious manner in which it is being made accessible to the public. It is 18 months since the extensive and once unprepossessing rum of factories and workshops at 98A. Boundary Road near Swiss Cottage, which the architect Max Gordon had converted into one of the largest, most beautiful and effective exhibition spaces in the country, opened its doors for the first of e long programme of exhibitions in which The Art of exhibitions in which The Art
of Our Time is to be set out
and defined. The fourth and
most impressive selection is now on show (until early next summer: open Fridays and Saturdays 12 to 6 pm—other days by appointment — 01-624 8299). It covers the American minimalist sculptor Richard Serra and the

Given the manifestly undomestic scale and unprivate nature of so much of the work that Charles and Doris Saatchihave bought since 1970, the unworthy thought occurs what unworthy thought occurs; what else could they do with it all but show it in this way—though they are generous lenders to other exhibitions. lenders to other exhibitions. But with the very scope and size of their collection, we are confronted with the harvest of sometimes an almost wholesale policy of acquisition that not only on occasion calls particular judgment into question, but may also distort the market it supports. (Against such misgiving I must say at once that already we have seen so much that is so good and shown in such strength that artists reputations have also been substantiated and enhanced.)

Serra end Kiefer may seem

Serman neo-expressionist pain-

ter Anselm Kiefer.

Doris Soffel, Stafford Dean and Werner Hollwag, Il Barblere di Si-viglia rounds off the week.

Not the least remarkable fea-stand up to the physical pre-ture of the Saatchi Collection, sence of Serra's massive scape or architecture that are which by any reckoning is one simplicity, and the quiet at once sugmented and violated. unforced romanticism Serra's works, with their natural rusted petination and residual factory markings, is brought out by the direct con-trast with Klefer's more active pictorial surfaces.

The earlier works here by and straw supply the more Serra dete from the late 1960s. They are, for him, small conceptual pieces concerned with folded lead or a got of metal folded lead or a got of metal. ceptual pieces concerned with the physical realisation of simple ideas of prop and balance and unfixed structure, the image or conformation of the work derived naturally from the demonstration of first principles. But they are more than mere exercises, for they are achieved with an elegant simplicity that teases the imagination into more ambi-guous areas of speculation and guous areas of speculation and possibility. A slab of lead is o slab, is a slab and with what odd authority it supports its fellows to define the space they occupy and the gravity they defy.

The later works are bigger by far and even simpler in principle: the problems of principle; the problems of installation must be staggering. As the informing idea grows more simple, so effect and implication grow ever more mysteriously and potently suggestive, as they do with standing stones and ancient tombs. A piece of massive monumentality commands the largest of the galleries, consisting of two huge free-standing sheets of steel, each some 12 feet high, that curve gently together at a somewhat unnerving tilt to enclose an open-ended boat-like space. To enter and walk

at once sugmented and violated. fashion, by the application to the surface of all kinds of extraneous matter, to say noth ing of the paint itself which is direct and self-assertive. Sand

folded lead, or a sot of metal implements as the more particular and quasi-sculptural imagery. Some of the paintings are worked freely upon a photographic ground, and almost all are glossed by the incorporation of texts or rubrics into the painting itself.

The mood is dark and con-sciously operatic, not so much in the imagery as such as in the theatricality of scale and statement, and the literal hints at German myth and legend. The work is dense with reference to ancient agriculture and the magical persistent strength of the land itself and of a cul-

confronted with the harvest of sunderlable.

But with so many linked a strength comes, I feel, a complementary disadvantage in a construction of the control of the magical persistent strength of the largest of the galleries, consisting of two only on occasion calls particular into question, but may also distort the market the galleries, consisting of two only on occasion calls particular into question, but may also distort the market the dark crypt closed of the ceremontal hall is lined with families of fire. The ceremontal that it is so good and shown in such creates e "whole world", and adumbrates moods of Erda-like somenity and stillines as well as of buzzing activity. In this performance, there was little sense of them: event they six together at a surger close-on (perhaps this is the green to the particular in the event they six together with the day accounts of the first time at Saatchi the work in the event they six together view, then—but an immensely powerful and engrossing partial one. The beantifulty warn-toned mezzo-opprano was wall thous scale and match each of the merzo-opprano was wall than the most at made up of LPO Choir womes and made no of LPO Choir womes and Eton College boys, both the mater and acestated of the surface and the pictorial sunders of the mater and seather that the control of the control of the material sunders and the control of the material sunders and the control of the control of the material of two things free tangents of the largest of the largest of the largest of the galleries, consisting of two largest and the care and surface and walk alternated the largest of the surface and the surface and the protective that the surface and walk that travel, the surface and the material protective the surface and the material protective the surface and the surface and the control of the surface and the material protective the surface and the surface and the surface and the protective that trav

Britten-Tippett Festival/Wigmore Hall, Festival Hall

Composer as commentator

As he gets older, Tippett gives more cogent and amusing interviews. His relaxed discussion about the musical life shared by himself and Britten was one of the highlights of this five-hour marathon at the Wignore Hall on Sunday. At one point he wrily noted how Britten had complained about the difficulty of his plano parts, a point not at all lost on Psui Crossley, his interviewer, who are discussion, in Britten, was sufficiently of sound. The chose to mention clarity of sound. Crossley, his interviewer, who had just finished performing the fiendishly difficult Fourth

In a mixed programme of very variable items, this work stood out, both for its sheer scale and strength. Tippett has created a sonata of vast dimensions, packed with striking ideas. Its central movement (out of five) is almost a work by itself, picking up motifs from the Fourth Symphony and working them with almost improvisatory skill into a mas-In a mixed programme of

In the rest of this programme the substantial items mostly came from Britten. When Tippett was asked to pick out the salient differences between the two men as composers, he chose to mention "clarity of sound" and "precision" in Britten'a style. These elements, above all, come to the fore in the Songs from the Chinese: accompanied by guitar, this economical cycle takes one musical thought at a time and shows how to create moving statenow to create moving state-ments out of the smallest hand-

It is not heard often, parhaps because the combination of performers is not standard. Here Robert Tear and Julian Bream, tenor and guitarist, made the piece a sparkling and very inti-

ful of notes.

St Cecilia really needs a choir St Cecilia really needs a choir and the five soloists from the London Sinfonietta Voices did not suit its choral textures, especially as their voices were uot even in quality. His mediaeval lyrics Sacred and Profane went better, but both here and in the Tippett items—Lullahy and Dance Clarion Air Lullaby and Dance, Clarion Air

—a small well-trained chorus
might have offered more unanimity in tone and ensemble. At least, for once, the Britten-Tippett Festival had a full hall.

Richard Fairman

Second Symphony as centre

couped with two significantly lesser achievements made up Thursday night's instalment of the Britten-Tippett Festival. In David Atherion's propulsive raw-boned reading Tippett's raw-boned reading Tippett's Second Symphony was plainly the pivetal point of its composer's career that subsequent works have shown it to be: the deliquescence of The Midnumer Marriage and its satellites combined with the Stravinskian blocks which were to take his music into the world of King Priors and beyond.

roughness, suggesting the orchestra does not automatically sustain its customary hrilliance whon expanded to symphonic

The Second is the one The Divertimento on Sel-Tippett symphony that requires linger's Round, the least not e sentence of special plead-ing, and Atherton presented its works, had begun the evening;

elash of stylea as invigorating friction, charging the slow movement with purposeful intensity and setting the dancing rhythms of the scherzo into play so appealingly the long-windedness the movement sometimes possesses was all but expunged. It was not technically the best finished of London Sinfoniotta performances: the first movement had moments of roughness, suggesting the the Good Samaritan) with can-tata, and the interwesving of chorus ond soloists. But the invention is too often routine, hard though Stephen Roberts, Philip Langridge and the Sinfonietta chorus worked to inject dramatic intensity and credibility into the torso.

Andrew Clements The Representative/Glasgow Citizens'

Michael Coveney

Rolf Hochbuth's 1963 documentary drama caused a furere is vast and unwieldy and any in both Berlin and London (the RSC performed it at the Aldwych) for alleging that Pope Pius XII refused to intervene as, in 1942, knowledge of the mass extermination of Jews pilled up on the Vatican doorstep.

Rolf Hochbuth's 1963 documentary is vast and unwieldy and any is vast and unwieldy and any loss a long beer cellar scene with Adolf Eichman and the unnamed evil Doctor of Auschwitz. But that Doctor, pilled up on the Vatican doorstep.

The landscape images take either a deep perspective across burnt stubble fields or what might be a devastated battle-field, or occasionally they take a closer view of the roots of the burning straw. The tone is consistently low and dark, the colour kept to black and white, grey and ochre, with a stab of pink or orange for the flames. The mood is dark and control of the mood is da semitic cold fish (a popular conception agitated in the furore) but as a subtle, anxious politician convinced anxious politician convinced that Communism and Stalin were a much bigger long term threat to the Catholic Church than were Nazism and Hitler. Ciaran Hinds, trembling but hawkish behind protective spectacles, is a superb Papal whiter-than-white presence.

As Cardinal Pacelli, Pius had been instrumental in formulat-

October 3-10

brilliantly played with almost angelic snavity by Laurance Rudic, eppears in the final scene to present his vile ectivity as a nihilistic philo-Alongside Colin Haigh's bit-

Alongside Colin Halgh's bit.

terly frustrated and uncomprehending Montana, Mark Lewis
plays the icily ambignous Kurt
Gerstein, a Nazi double agent
who provides the Allies with
statistics from the death camps
in Poland. His dilemma is a
little clouded by the excision of
the Jewish family scenes in
Rome, but Mr MacDonald's
approach is at least consistently
chilling and monolithic.

At a greater distance from

theatre has the courage and intellectual will to deal head on with political and historical

I cannot believe, for instance, that John McGrath's 7:84 Scottish company offers sentimental softness as an alternative to its more familiar political stridency, but *The Albamach*, which stopped off at the Assembly Rooms in Edinburgh last week before departing for an extensive tour of the Highlands, is really a little dispersional of the strength of the strength of the Highlands.

Diarmid) has been adapted by McGrath as e simple story of the Albannach, Murdo Anderson, rejecting the religious small-mindedness of his High-

approach is at least consistently chilling and monolithic.

At e greater distance from the atrocities, and with the current Pope exercising his infigurate in South America, Hochhuth's play can be seen as a dramatic essay in public and political conscience. The Church has always measured its statements in terms of political expediency.

This kind of documentary drama was a phenomenon of German theatre in the early 1960s, and it looks its age. Television, even in these newly nervous and censorious days, would be a more efficient way of handling the topic now. But the Citizens' production, for all its ungainliness and length (nearly three hours), reminds you that so little of today's



Vincent Friell and Catherine Ann MacPhee in The Albaznach

Saleroom/Antony Thorncroft Unmovable earthenware

Continental ceramics have so they are pretty objects, of been in the highest demand illustrated with scenes, after not been in the highest demand was quite pleased with its total of £445,282 yesterday. The sale was 26 per cent unsold, which was mainly attributable to the failure of the top lot, a Sevres rose marbre garniture of three vases, to find a buyer; they were bought in st £60,000.

Sent for auction by the Duke of Buccleuch they were expected to be worth around £30,000 each but their colour — pink

in recent months, so Christie's Boucher, of lovers in a land-was quite pleased with its total scape setting, and only the high reserve stopped them from selling.
Top price was the £93,500

paid by Arnam Allen, the London dealer, for a pair of documentary white hunting groups made at Vincennes around 1752. They are of great interest to ceramics enthusiasts because the factory found it hard to manufacture such complicated objects at this period and many broke in the kiln. These are covered with cracks but are generally in good

Arts Guide

Opera and Ballet

English National Opera, Coliseum:
The new production of The Mikado
by Jonathan Miller sims to divest G
& S of their Japanese top layer and
explore the quintessential Englishness beneath, Eric Idle makes KoKo his first opera-house appearance; ENO regulars include Lesley
Garrett, Felicity Palmer and Richard Van Allan, and the conductor
is Peter Robinson, Revivals include
another Miller production, The Marriage of Figure, and the ENO's ixi-

riage of Figaro, and the ENO's institutingly self-conscious Medam Butterfly with Rosamund Illing and David Rendall.

Boyal Opera House, Covent Garden: The Boyal Ballet returns on Wed-nesday and Thursday with a triple bill featuring David Bintley's recent

denteries, receiving its London

premiere.
indier's Wells, Rosebery Avenue: The
Central Ballet of China plays all
week with a fascinating collection of
ballets and some fine dancers.

PARIS

Don Carles conducted by Georges Pri-tre and produced in its original ver-

tre and produced in its original ver-sion by Marco Arturo Marelli who, by choosing a sober decor, allows full play to the opera's dreams. Pa-ris Opera (4206 5022). Ariadne auf Names conducted by Lo-ibar Zagrosek with The Prima Don-na Ariadne sung by Montserrat Ca-halle/Helene Garetti. Opera Co-mining (4206 9811).

mique (4296 9611). China in the Antonia Festival Pre-

Music/Monday. Opera and Ballet/Tuesday. Thesire/ Wednesday. Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

gramme: Spectacles dans one Maison de Thé. Théitre National de Chaillot (1727 1815).

The Bolshoi Ballet and the Bolshoi Philharmonic Orchestra present three different programmes: The Golden Age. Raymonda, Giselle, and Mozart and Salisri at the Palais des Congrès, Porte Maillot until Oct 27. (1788 1494).

WEST GERMANY

Bealla, Deutsche Oper: 25th anniversary saeson. Fidelio, produced by Liliana Cavani. Sat, Sun. Belegas: Testro Comunale: Tosca by Puccini, with Silvano Carroli, Raina Kabaivanska, Nicola Martinucci/Gianfranco Cecchele, conducted by Giancario Cobelli. Sun, Tue

Giancario Cobelli. Sun, Tue (22 29 99). **NETHERLANDS**

Bedia, Deutsche Oper: 25th anniversary season. Fidelio, produced by Jean Pierre Ponnelle, stars Richard Versalle, Lisbeth Balsiev, Barbara Vogel and Gerd Feldhoff. Rigoletin's new cast stars Angela Denning, Ryszard Karczykowski and Ingvar Wipell. Also in the repertory are Orpheus and Euridice and Gundula Janowitz giving a Heder recital. Hamburg, Staatsoper: La Bohème, sung in Italian, features Rachel Joselson, Guiliano Cianella and Kurt Mell. Lohengrin, conducted by Guiseppe Patane, stars Gabriele Schnaut, Nadine Secunde, Rece Kolle and Harald Stamm, La clemenas di Tito stars Judith Beekmann, Doris Spiiel, Stafford Dean and Annual An National Ballet with Plans van Salar-en's Opening, the Collective Sym-phony by Van Dantzig, Van Manen and Van Schayk, and Van Schayk's Seventh Symphony (Thur).

Milian: Testro Nuovo: the Scals Ballet Company with four ballets: "Concerto Barceco" (music by Bach and chorsography by George Balanchine), Paprès-Midi d'un Fauna" (Débussy/Robbins), "Nursery Songs" (E. von Dohnany/Laszio Seregi) and "Time out of Mind" (P. Creston/Brian Macdonald). Fri, Sat, Son, 41 82 26. Standarder: Rigoletto conducted by Boncompagni with Davis, Yachmi, Winsauer, McNair (Fri, Tue); L'Elisir d'Amore conducted by Welker with McLaughlin, Sima, Hadley, Pola, von Kannen (Sat, Thur); Turandot conducted by Segeratam with Marton, Ghazarian, Kmentt, Polgar, Ciannella, Sramek (Sun); The Kabukt ballet by Bejart. Guest performance of the Tokyo Bellet (Mon); Der Fliegende Holländer conducted by Schneider with Mekler, Gonda, Hoelle, Waschter, Morris (Wed). Velkuspar: Wiener Blut conducted by Bauer-Theusel with Szep, Haza, Loewinger, Juster, Klein (Fri); Madane Pompadour conducted by Bibl with Kales, Burger, Prikope (Sat, Wed); Die Fledermans conducted by Bauer-Theusel with Szep, Kales, Zasdon, Juster, Eder (Mon); La Fille mal Gardée; hallet by Ferdinand Herold, conducted by Arimueller; Hänsel und Greebl conducted by Richter with Banfalvi, Ottanthal, Eder (Thur), (SI 644/25 57).

Eder (Thur). (51 444/26 57).

NEW YORK

New York City Opera (NY State Theater): The week features Anthony Daviv's X (The Life and Times of Malcolm X) with libreito by Thulani Davis and story by Christopher Davis
in Rhada Davis's production conducted by Christopher Keene; also
Don Quichotte, conducted by Mario
Bernardi and directed by John Copley, and Werther, conducted by
Sergiu Comissions in Lofti Mansouri's production. Lincoln Center
(870 5800).

Merce Canadahana & John Cage
(Brookyln Academy of Music):
Opening the year's Next Wave Festival, two svant gardists from before
the expression started collaborate
on Roarstocko, based on Joyou's
Finnegans Wake. Ends Oct 12.

Finnegans Wake. Ends Oct 12. (718 638 4100). Metrapolitan Opera (Opera House): James Levine conducts Le Nozza di Pigaro in Jean-Pierre Ponnelle's

production with Elisabeth.
Söderström, Kathlean Battle and
Thomas Hampson. John Deater's
production of Aida is conducted by
Nello Santi with Martina Arroyo,
Grace Bumbry, and Leo Nucci. Julius Rudel conducts Manon in Gian
Carlo Menotit's production with Leona Mitchell, Ermanno Mauro and
Brian Schermayder; Otto Schenk's
production of Die Walkfire is conducted by James Levine with Hildegard Behrens, Jeannine Altmeyer
and Simon Estex. Lincoln Center
(252 6000). CHICAGO Lyric Opera: Christof Perick conducts
Pier Lingi Pizzi's production of
Paraifal, o Lyric Opera premiere,
with Tatiana Troysnos, Jon Vickers
and Hans Sotin. The Magic Flute

and Hans Sotin. The Magic Finis-features Francisco Araiza as Tami-no and Judith Biegen as Pamina, conducted by Leonard Slatkin in August Everting's production (Mon, Thur), Michael Tilson Thomas con-ducts John Copley's production of La Bohème with Katla Ricciarelli and Juic Line (Tan) (232 2024).

and Luis Lima (Tue). (332 2244),

Covent Garden Boyal Opera Japan tour continues with John Copley production of Cosl fan tutte with Ki-ri te Kanawa, Anne Sofie von Otter, Walter Berry and John Aler. Bunka Walter Berry and John Aler. Bunka
Kalkan (Mon, Wed). (723 2356).

Rubbutz Dance Company: Dancetheetre company from Israel directed by Yehudit Arnon. Nerima Bunka Contre, Small Hall (Mon): ABC
Hall, near Shiba Park (Wed).
(334 3710; 237 2000).

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Tuesday October 7 1986

Blander still and blander

The initial signs are that it will again go all too smoothly this time, not least because the other parties are playing into the Government's bands. The Social Democratic and Liberal Party conferences last month Party conferences last month came a cropper when the two Alliance patries failed to agree on defence. The Labour Conference in Blackpool last week have not been standing still. The best that can be said is has landed itself with an antimulear defence policy that is unlikely to pay electoral dividends. Neither Labour nor the Alliance have yet come un with accumulated. The Government Alliance have yet come up with a fully-fledged economic policy.

Short-sighted

The ebsence of a coherent opposition can lead to Tory complacency. In their television interviews on Sunday both Mr Douglas Hurd, the Homa Secretary, and Mr Norman Tebbit, the party chairman, spoke as If It were merely a matter of filling in a few gaps that have somehow been overlooked in the last seven years: looked in the last seven years; spending a bit more on housing and education and pointing out that rather more has been spent on health than most people

WHAT THE Conservative Party Conference needs as it opens in Bournemouth today is a really good row; or, better still, a series of good rows. The Torles have had things too easy for too long to be allowed to get away with another stage-managed conference, with occasional noise of unemployment and the spread of poverty, for example. The exchange rate is again pre-carious and the balance of pay-

Problems accumulate

coline has been halted while other problems, such as the long-term unemployed, have accumulated. The Government has been beloed by the existence of two oppositions who dislike each other quite as much as they dislike the Tories. It can make as many mistakes as it likes, such as Westland, and manage to yet easy with them.

manage to get eway with them.
Not a lot of that will be
heard from the platform this
week. Yet party conferences are a two-way process: the platform speaking to the floor and the floor speaking to the platform. The Tory Party in the past has been excessively deferential, confining its dissidents to coded messages at fringe meetings. An outburst of anger from the floor would on health than most people have realised.

That is e very short-sighted view. The Tory record of achievement has fallen far short rally about.

or anger from the floor would be an entirely healthy development. Otherwise it will be moved a rally than a conference, and there is not much to rally about.

Chance for a truce on aid

AFTER FIVE years of milking aid budgets to compete against each other for project business in the developing world, the OECD countries seem ready to declare a truce. Officials of the 24 member governments of the countries seem ready to the countries seem ready to declare a truce. Officials of the countries seem ready to declare a truce. Officials of the countries seem ready to declare a truce. Officials of the countries as the precondition for the new self-discipline on subsidies.

So far, Jepan has refused to except what it sees as a discriminatory change in the rules. But there are hopeful signs even on OECD go to Paris this week with proposals for checking the subsidy race that for the first time look reconcilable.

All parties now eppear to agree that e sharper line should be drawn between aid and combe drawn between sid and commercial funding, even if the separation cannot be made complete. They agree that the sid component of any subsidised project financing — whether emixed credit or a soft loan—needs to be raised from the 25 per cent agreed by ministers last year; all that remains is to components on the amount.

Whatever else may be said sebut Japan's aid programme, it can scarcely be regarded as effort. At a time when the problem of Japan's manufacturing trade surplus is at the centre of macroeconomic debate, it would be politically inept of its OECD compromise on the amount.

The US has set a target of 50 per cent, but would probably settle for 40 per cent. The EEC is proposing 35 per cent, phased in over two years. So far, at least, there see a little dispute that raising the cost of subsidy in this way would provide a healthy disincentive to the com-mercialisation of aid programmes.

Rule change

More difficult to achieve wili be egreement on bow that extra mitments to tackle government cost should be distributed. The present system of calculating merce. Capital projects are a the aid element favours countries with low interest rate currencies—and especially Japan, whose ability to halp lie sun. whose ebility to help lis suppliers into contracts all over Asia is particularly resented. The system under discussion this week would remove that advantage overnight: and it is seen by some of Jepan's components attention—but they would remove that arrest one of the most glaring examples of counterproductive subsidisation.

there are hopeful signs even on this score. Pressure on the Japanese to fall into line—per-haps in exchange for a conces-

delegation not to seize the opportunity of making this concession to aggrieved trading

New climate

Furthermore, the climate has changed since the OECD last met to talk about aid as a commercial subsidy. A global trade negotiation has been launched under the General Agreement on Tariffs and Trade, with an unprecedented range of commitments to tackle government.

Wider choice in Fleet Street

WHEN THE structure of an industry is transformed by the introduction of new technology end the removal of restrictive is setting out to challenge is setting out to challenge ou practices the ootcomn usually conforms to a predictable pattero. Costs come down and new entrants are ettracted by the prospect of bigher returns; increased competition then puts pressure on the industry's profits and the least efficient companies are squeezed out.

In the case of Britain's

every reason to welcome the attempt to offer a wider choice to the public. The new paper

It is also refreshing that this venture should have attracted capital from City institutions on the scene before the old hands have had time to enjoy the henefits of a substantial reduction in costs. By the same token backers of The Independent, the new British quality newspaper launched today, must be prepared for the odd sleepiess oight—if iodeed they have not suffered insomnie already following the prohlematic leunch and subsequent change of cootrol at Mr Eddie Shah's Todey.

But wbether The Independent succeeds or fails, there is

WEEKDAY morning et the Hyatt hotel near the grey and functional beart of Pittsburgh, homn of the Steelers American Football team and the Iron City brewery; all names synonymous with the grind and grit of steelmaking and heavy engineering.

More than e bundred smart-

More than e bundred smart-suited venture capitalists, execu-tives of the big local corpora-tions, small companies short of development cash and academics from the area's universities file in for a pre-lunch get-together and e meal of veal with gravy, chocolate cake and epple juice. Held twice a month, it looks like onn of those low-key business-to-business meetings that flood the foyers of Britain's motorway botels. But it is not. The Hyatt gathering is a sign of something happening in this of something happening in this down-to-earth north-east US city down-to-earth north-east US city that is absent from almost every city and town in the struggling industrial areas of the British Midlands and North. In Pittsburgh and some of the towns around it, confidence, after a period of profound self-doubt, is back in vogue and unemployment is tumbling.

Sixty miles long with 2.5m people and e core area of 400,000, greater Pittsburgh knows a lot about transformation. It has for decades been much more than a steel town, enjoying a steady post-war

enjoying a steady post-war diversification into services. Even so, the last recession, dragging Pittsburgh's steel-making along the Monongahela and Ohio rivers to the point of collapse, drove unemployment up to 14.5 per cent three years

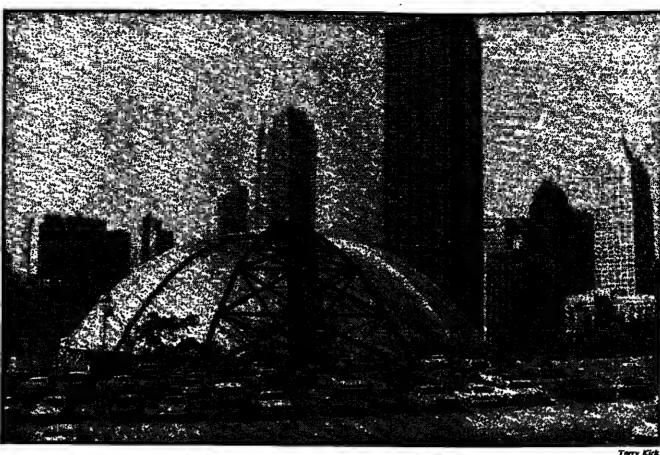
ago, But unlike British cities, where unemployment figures seem cast in stone et anything from 14 to 22 per cent, that of greater Pittsburgh is falling, down to 9.5 per cent last year, now 8.6 per cent and dropping.
Unlike these British cities, Pittsburgh is attracting to its vast amounts of money—\$1.5bn for capital projects alone in the 1983-88 period.

The contrast in mood is even more startling than the statistical comparisons. Unlike the British cities, Pittsburgh's business and political community is bristling with anticipation of change.

vices is happening in the face of protracted decline in manu-facturing employment and ontpart. These jobs are not just dipping hamburgers and sbovel-ling French fries," says Mr Norman Robertson, tha English chief economist of Mellon Bank, whose headquarters are in

No one questions that Pitts-burgh and the five countles that surround it possess unique advantages. It has the third largest grouping of corporate beadquarters among US cities— including Westinghouse Helps beautifuling Westinghouse, Heinz, USK, Rockwell, Alcoa— possessed two large banks— Mellon and the Pittsburgh -some of the country's

URBAN REGENERATION



Pittsburgh's civic centre, at the heart of a thriving city

Pittsburgh points to some possible answers

By Nick Garnett

the British conurbation of Greater Manchester, a smaller and much more beavily urbanised community but with the same population as Greater Pittshurgh, e sprinkling of company headquarters, the Co-operative Bank head office and three universities.
Unemployment in the British Unemployment in the British contribution sticks stubbornly Middlesbrough with a population sticks stubbornly Middlesbrough with a population of 15 m, endures a 20 per bas hovered for four years, the number of potential entrepreneurs queueing up at the distribution of the back of the calk is of the Britishurgh however, does not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot have it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not baye it all its own way in Liverpool's District 8 cannot not be not not provide for the distribution of the steel mills of the distribution of the steel mills not not not not provide for sheet with which Hands worth in District 8 cannot not provide for the distribution of the steel mills not not not not provide for sheet with which Hands worth in District 8 cannot not not provide for sheet with which Hands worth in District 8 cannot not provide for sheet with which Hands worth in District 8 cannot not provide for sheet with which Hands worth in District 8 cannot not provide for sheet with which Hands worth in Distri

naps in exchange for a contest sion on some other point—has been growing and some Western officials are optimistic.

Whatever else may be said ebout Japan's aid programme, it can scarcely be regarded as vital to the country's export lem of Japan's manufacturing trade surplus is at the centre of macroeconomic debate, it would be politically inept of its OECD delegation on some other point—has been growing and some Western richest private foundations and falled to attract to it any really significant private capital.

The position here is really no change. In fact we are taking a step back," says Mr Les Boardman, head of the Greater Manchester Economic debate, it would be politically inept of its OECD delegation to make Pitts—burgh clivs through the engineering centre and the significant private capital.

"The position here is really no change. In fact we are taking a step back," says Mr Les Boardman, head of the Greater Manchester Economic director of the High Tech Development Council. The reformance goes to the beart of some of the UK's most macroeconomic debate, it would be politically inept of its OECD delegation to make Pitts—burgh clivs through the engineering centre and the significant private capital.

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study of international debt. He is now working on a book about

the capital markets. He has also edited e weekly

news letter, Currency Confiden-tial, which packaged some shrewd reports under eye-catching headlines such as "Jewboning whipsaws the

Langdon factor

He was made a partner in 1980 and since then has been involved in special investiga-

clair sold ont to his one-time

non-manufacturing, non-farm jobs rose from 670,000 to 750,000 between 1975 and 1985 and added a further 20,000 in the past year alone.

The north-east of England including the urban areas of Newcastle, Sunderland and

"We've shed a lot of tears but we are really beginning to see the light at the end of the tunnel," says Mr Tom Foerster, chairmen of the board of com-missioners for Allegheny County." Within five years we will be at or below the unional unemployment average."

Braddock, in particular, is a said and dislocated community, the neo-Gothic Mellon Bank building standing out almost as an obscenity in a settlement that looks to be physically decomposing.

"The fall-out effect on these communities has been just a settlement that conclusion that Pittsburgh has an economic strategy which at least offers hope, however distant, to its most desperate citizens.

British clities, Pittsburgh's business and political community is bristling with anticipation of change, pation of change, and common purpose between two halls and big business in many cities, the parochial structure of the UK's development that sail businesses trying to climb up from the first rung, is e symbol of that confidence "The astonishing thing is that this great growth in services is happening in the face"

British clities, Pittsburgh's business in the urban centre and it has e stack of bookings. "People, are now walking are now walking around with long faces because we are struggling to get any-body to invest in the rest of the stack of demand in the UK economy and the weak diffusion of university if you pitch greater Pittsburgh against the most jobstarved areas of the UK like the northeast.

The astonishing thing is that this great growth in services is happening in the face the locally sucked the urban centre and it has e stack of bookings. "People, are now walking around with long faces because we are struggling to get any-body to invest in the rest of the stack of the urban centre and it has e stack of bookings. "People, south of England but with only Lynch, international vice prestitudent of turning. Dr Richard Cyert, are now walking around with long faces because we are struggling to get any-body to invest in the rest of the stack of the urban centre and it has e stack of bookings. "People, south of England but with only Lynch, international vice prestitudent of truming. Dr Richard Cyert, are now walking around with long faces because we are struggling to get any-body to invest in the rest of the urban centre and it has e south of England but with only Lynch, international vice prestitudent of truming. Dr Richard Cyert, are now walking around with long faces because we are struggling to get any-body to invest in the rest of the urban centre and it has e and it has e are urban for the urban centre and it has e are urban for the urban centre and it has e are a similar in size to the devastating," dent for human affairs at the United Steelworkers of America which complains hitterly about the spread of part-time jobs with no employment benefits. The valley is peppered with the kind of unemployment committees employment committees you find in Sheffield's Don Valley and middle aged steelworkers find it just as difficult in Sheffield's twin "steel city" to get absorbed back into the

> The Hill district, a ragged and threatening neighbourhood a stone's throw from the city's deep pile carpeted corporate headquarters buildings, is one of those black American ghettoes with which Handsworth in Birmingham or even

city centre and cheap discount Duquesne to McKeesport stores and the not infrequent sight of corroding gas guzzlers

It is the centre of a large de-velopment agency region which is not politically controversial in comparison, for example to the 53 small and bickering or-ganisations in the English

phenomenon increasingly com-mon in the US. Even a big regional centre like Manchester -which bas only the Co-opera-tive Bank—has been losing its financial independence to

And Pittsburgh has a history of sorting things out for itself— the beads of all the big corporations sit on the Allegheny Con-ference, which led Pittsburgh's change of direction back in the 1940s whereas the massive expenditure programmes in Bri-tish cities during the 1950s and 1960s were grafted on from out-side by money pumped in from a distant central Government.

That "grafting on is still happening. Few people would happening. Few people would begrudge money spent on Liverpool, a city that has had its confidence and self esteem wrecked by merciless decline. But the £100m so far spent by the Merseyside Development the Merseyside Development
Corporation—2 creature of the
present Government—while
doing wonders for the waterfront is divorced from the
workings of the city ltself.
This is not to say that there
are no examples of community
connectation in the UK—like are no examples of community co-operation in the UK—like the ten-year redevelopment in the centre of Glasgow or the way Birmingham has pulled itself together to bid for the Olympics. Yet to create real new jobs and attract large, steady flows of capital from a steady flows of capital from a pool that increasingly swirls. pool that increasingly swirls around London, seems beyond

Yorkshire shows more aspects Yorkshire shows more aspects of the problem than perhaps anywhere. Sheffield runs a policy of local authority-led self help—but with no money. Many of the little co-operatives and small businesses remain in the side streets, short of capital, and the side streets and small streets. marketing and markets. In Halifax the local authority has been handing over half shares in its small development organisations to the private sector. Yet even at Dean Clough mill, a disused carpet factory that is now packed with tiny firms and held up as a shining example of rejuvenation, a star performer is one that grows from one employee to 20.

Co-operation is easier in US marketing and markets.

from one employee to 20.

Co-operation is easier in US cities partly because of the lack of that political division, some of it rooted in class, which characterises many British urban centres, Pittsburgh is executively a operative city.

But surely the deeper root of the problem is financial. Com-missioner Foerster says his city's two banks have the power to bend the ears of Federal and state governments, some of whose money is pouring into the new multi-lane highway north of the city and will pour soon into a hig airport expansion, Partly this simply reflects a richer national neonomy.

But the structure of lending at Melion also indicates bow different things are at local level. Pittsburgh's banks are criticised for being to conservative in lending, yet Mellon has seven sub-offices in the backwaters of south-west Pennsyl-vania whose sole job it is to iend money to small husinesses. Of those loans 90 per cent are made with no reference to head cessed in just three days on everege.
It is this briskness of purpose

that is so difficult to detect in Britain's northern industrial heartland.

Luckwell's sporting chance **Men and Matters** When you have millions of

pounds in your back pocket the world beats a path to your door. Mike Luckwell, aged 44, the former managing director of Carlton Communications has had no less than 128 direct propositions since February when be cashed in his Carlton stake for £25m. sel (now part of the Amex/ Shearson Lehman group) as international economist. Kettell, 40, worked for Citi Kettell, 40, worked for Citibank in Brussels after graduating from the London School of Economics, but has been e polytechnic lecturer fur the past nine years, at the South Bank Poly before the City.

His writing, however, has given him a wider business audience. In the past few years, Kettell has written a couple of books on the foreign exchange market, one on gold, and, with George Magnus, international economist at Laurie, Milbank, a study of international debt. He stake for £25m.
But before he decided which
way to jump next, Luckwell,
whose first job was as a junior
stock exchange dealer before
be moved to television, decided
to have e holiday.

"I planned to have two months holiday but discovered I liked the experience," says Luckwell, who has travelled extensively for six months in the US, Jepan

and Thailand. Now he has decided what to do with at least some of his millions.

He has become deputy chairman of a reconstructed version of West Naily, the international

sports marketing organisation. He has taken e substantial stake and will invest between £4m and £10m over a period as

Also joining the new West Nally Group as managing direc-tor is David Ciclitira, a founder member and deputy managing director of Sky Satellite Tele-vision. The aim is to build on West Nally's existing experience in sports and music sponsorship and turn it into a more broadly-hased international media com-

After his boliday Luckwell says he's "keen to go back to work before I get withdrawal

involved in special investigations and corporate financial
advisory work on takeovers,
acquisitions, reorganisations,
and stock market flotations.
Langdon has contributed to
the FW reports on British Airways, the Dunlop reconstruction, and the bringing together
of Alan Sugar of Amstrad and
Sir Clive Sinclair, before Sinclair sold out to his ona-time Messel's man There is an impression abroad that most polytechnic lecturers eventually become Labour MPs. Whatever the truth of that, it is certainly rare to find stock brokers recruiting them. But Brian Kettell, former senior lecturer in economics at the City of London Polytechnic, yesterday joined brokers L. Mes-



of Jim Prior's memoirs

In another part of the City jungle one of his last PW assignments was to look into the future prospects for the Loodon Metal Exchange. After listaning to many a tale of woe Michael Langdon, aged 38, the newly-appointed chief executive of the factoring business Kellock, is leaving accountants Price Waterhouse after 16 for restructuring.

Kellock, which has been born out of the London & Edinburgh Trust taking a stake in the factoring company run by Nick Oppenheim, is to be a quoted husiness with a capitali-sation of between £20m and

Party pieces

in the City of London during On the acquisition scene he has worked on a review of the Harrods group for Mobamed Al-Feyed before the takeover, and inquiries for De La Rue and Trusthouse Forte.

In the daty with themselves under the TV eye.

Mary Rose-Richards, a producer of the BBC's Forty Minutes doumentary series, is looking for "occasions when staid in-

surance companies or stock-brokers let their hair down." Rose-Richards is interested in anything from retirement jollyups to parties promoting a product—"we're not looking for cliche situations such as kissograms and strippograms, but something different."

The programme, to be filmed by director Philip Bonham Carter, will look at grown-up parties in the way that it roved over children's parties some

Break of day

It bas been valiant—but the resistance of British executives resistance of British executives to the American business hreakfast seems to be crumbling. At least, James. Brown, general manager of the Royal Garden Hotel in Kensington, believes the time is ripe to cater specially for a growing number of the breakfast meetings which have long been customary in the US. customary in the US.

For an equally indigestible price of £11, businessmen can new wade through anything from smoked salmon and venifrom smoked salmon and veni-son 'sausages to grilled lobster and black pudding or scrambled eggs and strawberries while doing an early morning daal. Brown calls it (in capital letters) the Executive English Breaklast—and even provides those eating it with side-tables for their documents and papers.

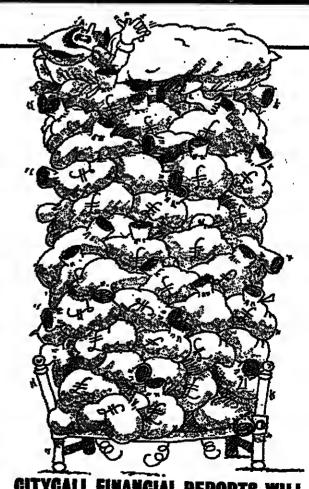
Moving on

When the White Rhodesians descended in theu. on South Africa after Zimbabwe's independence they were called "Whenwes" after their habit of prefacing every conversation with the nostalgie words, "When we used to live in Rhodesia..."

Today they call themselves "Sowetans." Which, as Sowetans.

is a black township in South Africa seems rather odd. Not so in this case. It stands

Observer



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Letters to the Editor

Inadequate debate on Financial Services Bill

From Mr A. Do Sir,—The legislative incompe-tence being displayed by the Government over the Financial Services Bill should surprise no one. It is entirely consistent with its mishandling of the with its mishanding or the abolition of the metropolitan authorities, the on/off privatisation of water, the TSB muddle, a series of Finance Acts so

From the Managing Director,

that only 10 per cent of the off-set will relate to the E3 air-

set will relate to the E3 air-craft and systems delivered to the United Kingdom. Under arrangements between Plessey and: Westinghouse, however, Plessey technology will be used for the development of the existing E3 radar to meet the operational requirements per-ceived for the late 1990s and the early 2000s. Radar is expected

early 2000s. Radar is expected to remain a major sensor in the airborne early warning role and Plessey will be at the forefront

of radar research/development and production well into the 21st century. The statement that the UK will no longer be involved in AEW technology is

From the director, British Road Federation

Sir. — I feel sure that I shall not be alone in attempting ans-wers to some at least of the examination questions set by your admirable and timely

leader "Bridge over Treasury waters" (September 30).

The Treasury does not years, effectively distinguish — as in . On

been the permanent — and co-growing — feature of public

In contrast, public capital investment is of finite duration and can provide a valuable national asset. Because of the

confusion between capital and current it is also the "easy option" for cutting back when expenditure "overshoots."

an increase in current expenditure and a reduction in non-defence capital investment in real terms. Between 1980-81 and 1984-85 the respective figures were +12 per cent and -9 per cent

There is a real need to differentiate between current and capital.

Few people would dispute that much of the infrastructure is in need of improvement or

From the Director, Corporate

Sir.-With reference to your

Information and Communication. Honeywell Bull

improvements could reduce Peter J. Witt. costs, increase competitiveness 6, Portugal St, WC2.

-9 per cent.

One result of this has been

involved in AEW technology is therefore incorrect.

The arguments relating to the retention of hi-tech jobs are, of course, very important. Boeing, however, has committed to provide the United Kingdom with an equivalent high technology offset, that is £1 of similar high technology work for every Havant, Hantz.

Bridge over Treasury waters

Technology for defence

Plessey Avionics

Sir.—The excellent article by
David Buchan (September 30) on
the high-cost quest for the right
answer contained several inaccuracies and mis-statements
relating to the Boeing E3
AWACS aircraft currently
being offered for the UK airborne early warning require.

eday Octobar 7 à

tory or incomprehensible, not to mention Westland or British Leyland. This time, however, it

The invisible earnings generated by the City are becoming increasingly crucial to the survival of this country as we slip steadily down the world economics. mic league. To try to bulldoze through 350 last-minute amend-

£1 spent on the AWACs con-

and that of its international customers. The exports gained in this way will be real job producers, milke the somewhat

The political equation is in-deed finely balanced; but no one

is claiming that Nimrod's per-fermance matches E3 and surely

defence is the highest priority for Her Majesty's Government.

and provide direct benefit to

Industry,
In its report "Challenge and
Opportunity" the federation
produced a case for a more
realistic level of highway investment and called for addi-

tional investment of £800m (et 1982 prices) annually for 10

The case for tolled motorways

in Britain was considered—and dismissed — 30 years ago for a number of reasons. One was geographic. The number of access points made collection unprofitable. Where "free" alternatives exist alongside, there will always be a temptation to utilise them. This can readily be seen in France where autoroutes parallel their untolled route nationale. This no doubt is why in Britain tolls

M. N. Whiteman. Martin Road,

Treasury does not your distinguish as in. On the question of trans-es— between current port economics, your own ans-al expenditure. In the wer—doubtless through lack.

and capital expenditure. In the wer-doubtless through large past current expenditure has of space—overlooks important and considerations.

son deal.

Since the SIB is predictably lengthy and badly drafted as to ments to the Financial Services not going to be ready for Big A. Dawson Paul. be in many respects contradic- Bill with only three days debate Bang anyway (another example 2, Russia Row, EC2

in the House of Lords seems to me to be the height of irresponsibility, but symptomatic of the way in which the changes resulting from Big Bang have been allowed to go far beyond anything that was envisaged (publicly at any rate) at the time of the "Goodison/Farkinson deal."

of governmental incompetence). why not allow sufficient time for an adequate debate of the many issues involved? The present proposals are likely to strangle the efficiency of the City in totally unproductive bureaucrasy and red tape while the proposed Investors' Compensation Fund is so ludicrous as to cracy and red tape while the proposed investors' Compensa-tion Fund is so ludicrous as to be almost beyond belief.



being offered for the UK air borne early warning requirement that cannot be left innerswered. The statement that only 10 per cent of Roeing's offset would be directly related to the AWACS is factually correct in the very demanding US market that the tent of the correct in and the correct in the correct i

Early closing market days

frustrating.
Our trading method requires us to obtain execution prices as

ethereal promises of export arders that might possibly be earned by a Nimrod system that is already clearly suspect and now some five years late in the development process. us to obtain execution prices as near to the closing price of the day as possible. This means that our brokers keep in touch with each futures market near the close of trading and if our price target is touched they then complete our transactions.

Both the London coffee and gas oil markets have bowever introduced a rule that restricts trading to fust one minute on There is another important factor to be considered in the question of jobs. Namely, many of the opportunities offered by Boeing to its UK suppliers are in high unemployment areas—not focused on the south east, where the majority of the GEC Nimrod work is carried out.

trading to just one minute on the final call. This rule was apparently introduced to facili-tate the floor traders going home on time I If this sort of activity goes on much longer, the floor traders will find they will be able to go home even earlier as they won't have any orders to execute at all, all the business having gono to the American futures market.

To illustrate the damage this new rule can eause, I will quote you just two examples — on August 4, we wished to closedown a short position in October gas oil and the price quoted towards the end of trading for the day was \$117 per tonne and dentity the fact that many despite the fact that many brokers were wishing to trade

From Mr V. Harrison

Sir, — We are writing to protest at the changes recently introduced by the coffee and gas oil had leapt by nearly oil markets which we find very 100 a tonne and many small fortunes were lost because of this course of this course of the same crary rule. Exactly the same situation occurred on October
1, when our target price was
reached just before the end of
trading and once again, the market closed when we were endeavouring to execute our substantial orders. tial orders.

The same situation applies in coffee and if the rule is not changed, I am quite sure that in dne course, a similar type of disaster will occur to brukers wishing to trade coffee. I can appreciate that the floor traders do not want to hang around if there is no business available but if there are many brokers wishing to trade, it seems ebsolutely stupid that a market abould arbitrarily close when London commodity markets are crying out that business is falling off and they are trying to think of ways to encourage new business. We are seriously considering

moving our trading to America to ensure we are able to trade at the right time and at the right price. V. A. Harrison,

Ashley Harrison, & Co. 94 High Street, Henley in Arden. at this price, the market was Henley-in-Arden, closed under the one minute Solibull, West Midlands.

Whose fault is it, anyway?

From Mr Edmund Dell the subsequent correspondence, may I confess that I, as Secretary of State for Trade, authorising John Redwood's eulogy September 17) of Mrs Thatcher's Britain. As, however, Mr Redwood claims Terminal 4 at Heathrow as one of liamsworthy than a typically the triumps of the Government, long period of construction. and the pres and come of Terminal 4 are figuring so largely in A Remode Class National Str.—I had not intended to play any part in the discussion following John Redwood's eulogy September 17) of Mrs Thatcher's Britain. As, how-ever, Mr Redwood claims Ter-minal 4 at Heathrow as one of the triumps of the Government. and the pres and cons of Termi- Edmund Dell.
nal 4 are figuring so largely in 4 Reynolds Close, NW11.

Extra grants for students

tolled route nationale. This no doubt is why in Britain tolls have been carefully restricted to estuarial crossings where there is no ready alternative.

Furthermore, the road user in Britain is relatively heavily taxed through vehicle purchase, ownership and use. Of the \$12bn-plus which the Treasury receives, less than 30 per cent is spent on highways. The equivalent EEC average is 55 per cent. From Professor P. Moore
Sir,—The proposal (September 29) to fund higher education the through extra grants to student loans on any substantive individual students — rather than via the university grants committee as at present—is to be welcomed since it could lead to greater flexibility of choice for students than exists at the moment. It should spur the providers of higher education to re-examine their products and

The further suggestions of

repair. It is important therefore to introduce a longer-term economic appraisal and investment programme. Resulting improvements could reduce Peter J. Witt. The further suggestions of employers' sponsorship and loans are, however, more problematical. Although firms receive tax relief on educational expenditure, only a minority in Britain undertake substantive amounts of training for their employees. Relying on employers either to sponsor students, or to pay off their loans on recruitment, would be unlikely to be of much help to most young people seeking higher education unless British firms as a whole change their spots and start investing heavily in education and train-Honeywell worldwide venture ment in the funding of any hypothetical participation by Bull in Honeywell's information systems business. No negotiations have begun sir,—With reference to your article "Honeywell seeks worldwide venture" (Sept 25) we were very surprised to read that André de Marco. Bull officials were said to have 121 Avenue de Malakoff, implicated the French Govern-75116 Paris.

markets.

The introduction of repayable student loans on any substantive scale must realistically incorporate some kind of tax concessions on fees (which could be much higher than at present if the burden of grant is to be carried by the student) and interest paid by individual students. This is essential if higher education is to be made accessible to more, rather than fewer, students and is not to be restricted to those from comfortable backgrounds. Such assistance is a feature of educational finance in virtually every other country, including the US, all of whom have larger proportions of young people in higher education than Britain does. Firms do indeed already receive tax relief on fees paid on behalf of participants in higher education; it seems only logical that this privilege should have a individuals. logical that this privilege should be extended to individuals. (Professor) P. G. Moore, London Business School, heavily in education and train- Sussex Place, NW1,

An exchange rate target to help industry

From the Treasurer, wages had gone np by less than sterling "to move upwards un-Labour Economic Policy Group. 2 per cent. Successive British less and until world prices have Germany.

Sir,—I am glad that Mr Grey governments nevertheless moved upwards quite substan
I agree with Mr Samuel Sir.—I am glad that Mr Grey (October 2) believes that sound economic management includes full employment among its objectives because commonsense as well as economic theory support my view that full employment cannot be achieved without a huge increase in the real money supply and a buge fall in the real exchange rate. I assume that what Mr Grey really means is that the reduction in the real exchange rate should be accomplished through EPLESS NE for and labour to the industries since the Americans told the which make importable and exportable goods. That is a which they had agreed to take the aid of the military between the aid of the military between 1921 and 1832 and between 1921 and 1931, on both occasions at enormous cost to the social and economic well-being of this a reduction in the incomes of those who have provided capital for and labour to the industries

Control of the second

10 m

8 12 12 12

D-Mark a year after the devalua- indeed in 1932 the Treasury difference of over £12bn a year Shaun Stewart. tion of 1949 although UK money was determined not to allow represents well over 1m jobs. 72 Albert Square, NWI

opted for deflation rather than devaluation and in the process reduced this country from a first to a third-rate economic power. There were grounds in 1950 for accepting the undervaluation of the D-Mark to hasten the

economic recovery of Germany for military as well as for humanitarian reasons, but once the Germans had tasted the benefit of an undervalued exchange rate they fiatly refused to behave in the war that Mr Grey suggests we should. Nothing indeed has changed

economic well-being of this now the Prime Minister's country.

Mr Grey is equally wide of the conomic adviser, has pointed out that the economic recovery mark in arguing that exchange of the 1930s was accompanied rate stability advances the interests of all. It never has in the price of domestically done and never will. Sterling produced traded goods relative was not competitive with the to output prices as a whole and D-Mark a year after the devaluation of 1932 the Treasury was determined not to allow

moved upwards quite substan-tially." The whole thrust of policy was the exact opposite of that which has been pursued since 1976 with such disastrous

Prof. Griffiths rightly concluded that the first lesson to be drawn from experience in the 1930s is that "recovery can be home-grown and is not necessarily dependent on a prior or simultaneous recovery in the world economy." The lesson from experience since we joined the Common Market is that recovery can only be DE Grown.

It is obvious that British

imbalance on a stable, long-term of the EMS if it is really true and 1931, on both occasions at enormous cost to the social and economic well-being of this economic well-being of this country.

Mr Grey is equally wide of the out that the economic recovery mark in arguing that exchange rate stability advances the interests of all. It never has done and never will. Sterling was not competitive with the Differ of domestically produced traded goods relative from the EEC would be better of the EMS if it is really true that exchange rate instability damages trade. The 57 per cent of our exports which go to third countries would be out that the economic recovery of our imports which come from the EEC would be better in the price of domestically produced traded goods relative from the EEC exceed exports to output prices as a whole and by over 50 per cent. The

I agree with Mr Samuel Brittan (October 2) that what is needed is an exchange rate target to enable industry to play its part in our recovery. but any such target must make economic sense and if Mr Grey really believes that full employ-ment should be included as an objective—which is not, of course, Mr Brittan's view— then he will accept our conten-tion that the target should be fixed in real and not in nominal terms. This in our view means reducing the nominal exchange rate by whatever amount is required to reduce the terms It is obvious that British industry would lose more than it would gain from membership of the EMS if it is really true that exchange rate instability damages trade. The 57 per cent of our exports which go to third countries resultd he countries resultd he factoring fordustry but what he factoring fordustry but what he facturing industry, but what he cannot do is deny my original proposition that denying the exchange rate its proper role as a market-clearing mechanism can only impede our return to full employment.

THE CONSERVATIVE Party conference this week is an exercise in renewal. Under the slogan "the next move for slogan "the next move for-ward," the leadership will seek to prove that it has not run out of steam. Says an upbeat Mr. Douglas Hurd, Home Secretary. "We've got a glint in our eye and we will try and communicate that to our supporters in Bournemouth.

There will be two conferences There will be two conferences in the seaside town this week. The official programme will consist of platitudinous motions and carefully co-ordinated ministerial announcements about this winter's legislation together with guarded hints ebout ideas for the election manifesto. manifesto.

manresto.

But, as at the Edinburgh
Festival, the fun will be on the
fringe. Ministers and exministers will compete with
each other to pour out their
views on the future. The assiduous can—if they rush from
one over-crowded hotel meeting one over-crowded hotel meeting room to another—spend this lunchtime listening to Mr Nicholas Ridley on privatisation and Mr Peter Walker on the "The Task Abead." Even more inviting, tomorrow there is the delphic Mr John Biffen on "Winning the Third Term."

The two Westland casualties are also pitching in—Mr Leon Brittan talking about Government and industry in the late 1980s and Mr Michael Reseltine seeking to show he is still in the mainstream and not in the Machine Seeking to show he is still in the mainstream and not in the

full parental choice in education full parental choice in education through a transferable credit. And at the other end, the consensus-minded Toxy Reform Group argues for consolidation and the slogan of "Britain is safe with the Tories." But the main argument is about the extent of the party's radical commitment. The Government's own answer

is clear. The main accent will be on its future plans. That approach was decided last month approach was decided last month by the seven-strong strategy committee — generally known as the "A team" — chaired by the Prime Minister. This supervises the work of about a dozen party policy groups each headed by a Cahinet minister and including some back bench MPs and outside experts. They are the impetus for change comes trailly-funded technical schools in the inner cities and outline by trailly-funded technical schools in the inner cities and outline of Hope and Glory — the Conservative leadership will be well designated Whitehall grants, security is now more radical.

It is no longer a question of defending the present system against free market radicals.

Yet, paradoxically, much of the supervises the impetus for change comes trailly-funded technical schools in the inner cities and outline of Hope and Glory — the Control of Hope and Glory — th

ones at cournemous together now..

Flashback to 1983: Mrs Thatcher with the election manifesto

letter Riddell, Political Editor

looking at broad areas like the from within the Government. Government, agrees

But the access of the out-But the access of the out-siders appears to have declined as the days of the iconoclasts have gone. Sir Alfred Sherman, the original motor behind the Centre for Policy Studies, is now very much on the outer fringes and Sir John Hoskyns currently bemoans the failures of Whitehall from the Institute of Directors. Instead, the of Directors. Instead, the

rous with the low-profile Lord (Hugh) Thomas in charge of the Centre for Policy Studies. One result, Mr Mather notes, is that in some respects

isting tenancies but the direc-tion of Mr Patten's efforts is towards changes which would have been regarded as politic-ally unthinkable a few years

ago.
Similarly, in education, it has been the eminently "wet" Mr
Kenneth Baker and his former Renneth Baker and his former deputy Mr Chris Patten who have pressed for change in the present structure. In his spocch this afternoon, Mr Baker will foreshadow plans for 20 centrally-funded technical schools in the inner cities and outline ideas for by-passing local authorities through specially designated Whitehall grants.

It is no longer a question of the case for more spending in the case

Brittan talking about Government and industry in the late 1980s and Mr Michael Heseltine seeking to show he is still in the mainstream and not in the Heathite wilderness with "Building on Success."

At stake is the shape of the Conservative programme for a third term. The debate is no longer between weits and dry. There is a preference for are now mostly heading for retirement.

The old warborses of the early 1980s like Messra Pym and Prior are now mostly heading for retirement.

The post-1983 groupings of consolidators and radicals still exist to some extent. Indeed at the first tent. Indeed at the first tent of Directors and is consolidators are negative for private bealth insurance and full parental choice in education. At issue is the pace, then with the workings of the education. At issue is the pace, the education also with the workings of the educational system and with the workings of the education also the workings of the educational system and with the workings of the education as well as issues such as the intention of with the workings of the educational system and with the workings of the educational system and with the workings of the educational system and with the workings of the education as timustics, and the workings of the educational sys money and more resources for politically sensitive areas like hospital waiting lists and carvi-cal cancer acreening.

The consolidators have, there-

fore, not given up all hope. Mr Iain Picton, the chairman of the Tory Reform Group, believes radical ideas are on the wane. He points to the acceptance of the case for more spending in

F\$999999999999999999999999 Reliability+

ome trucks

Scania have never been tempted to compete on And instead of maintaining 24-hour international cost alone. Trying to equal some of today's truck prices would

mean sacrificing too many of our principles and too much of your cost-efficiency. Instead of Investing over 7% of sales tumover in research and development, we might have to cut a few corners. Which could mean risking our

hard-won reputation for absolute reliability and for

fuel economy. Instead of manufacturing our own engines, gearboxes, axles and cabs, we might have to make do with botting together bits and pieces made by someone less dedicated to precision.

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it would probably cost you more to run. It certainly wouldn't last as long. And when the time comes to sell, the return on your initial investment wouldn't be so healthy.

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Scania. Building trucks, building reputations.

FINANCIAL TIMES

Tuesday October 7 1986

which would force down the price.

They would also be able to share

For the French a disadvantage of

the GEC airborne early warning system is that they would have to find an aircraft on which to mount

it as the Nimrods would go to Brit

The French purchase of an early

more difficult conditions this yes

and some of them are likely to slide into losses again. Low cost imports from countries with no quota

arangements with the EEC, particu-

larly Romania, are taking some of

Japanese steel producers have been hit hard by the value of the

yen and their wage rates are now above those of the US. Capacity uti-

lisation in Japan is now only at about two-thirds. The more gloomy

projections for steel consumption up to 1995 are partly accounted for by more pessimistic views of Japa-

Two of the biggest US steel pro-neers, USX and LTV, remain un-

der bankruptcy protection. Mr Dav-id Roderick, chairman of USX, who

was due to address the conference

this week, is not now coming and

LTV has sent no officials. The insti-

tute is forecasting a reduction in steel demand in the US of 11 per

cent this year and another of 4 per

Steelmaking capacity will contin-

ue to shrink in all major industria-lised countries to 442m tonnes in

1990, almost 100m tonnes less than

Capacity in industrialising coun-

tries is predicted to reach 110m

in 1980, the institute forecasts.

pacity to 550m tonnes by 1990.

nese consumption.

cent next year.

maintenance costs.



opposition buoyed by swing in local poll

WEST GERMANY'S opposition Social Democratic Party (SPD) was

yesterday drawing comfort from a swing to the left in Sunday's local elections in the northern state of

In polling results which will be fed into the complex political calculations over the outcome of the West German general elections in January, the ruling Christian January, the ruling Christian Democrats maintained overall control of local councils across the state but lost their absolute majority won in the last local elections in 1981.

An improved showing for the Social Democrats, who gained 40.5 per cent of the votes against 36.9 per cent in 1981, was accompanied by a swing to the Greens ecological par-ty with 5.4 per cent of the poll against 3.6 per cent five years ago. The Christian Democrats lost

ground to 46.0 per cent (50.2 per cent in 1981) with the party's junior coalition partner in the Bonn Government, the liberal Free Demo crats, sliding from 6.4 per cent to 4.9 Although clearly of some psycho

logical benefit to the SPD's uphill struggle in the run up to the Janua-ry elections, Sunday's result in Lower Sexony will give only a mod-est lift to Mr Johannes Rau, the party's candidate to unseat Mr Helmut Kohl from the chancellorship. In several local councils through out the state, the SPD will be able

Janeiro that the fall in oil prices and decline in the foreign value of to form a majority only with the aid the US dollar had not yet stimu-lated overall consumption and inof the trenchantly anti-nuclear Green party. The course of a possible coalition with the Greens in the As a result the gleam of optimism shown by steelmakers last year had Bonn parliament after the January elections has been fiercely forebeen somewhat dulled, he said. sworn by Mr Rau. This was particularly so among steel producers in the industrialised

 The first West German nuclear reactor to go on stream since the April 25 Chernobyl disaster is expected to start up today on the Elbe estuary, Reuter reports from Han-

Brokdorf reactor could start s nuclear chain-reaction just as soon as the plant was given its final operating seal of approval in the morning,

The northern state of Schleswig-Holstein postponed the reactor's planned June 13 start-up at sbort notice and ordered additional safety
have been higher than was prediction for the past one or two years. How-

W. German French air force favours Awacs warning system

BY DAVID HOUSEGO IN PARIS

THE FRENCH air force has for the first time come out publicly in fa-vour of France purchasing the Boe-ing E-3 Awaes aircraft as the "only" airborne early warning system suit-

The air force's declaration would seem to jeopardise any chance of France buying the rival Britishbuilt Nimrod equipped with GEC radar. Following the recent visit to London of Mr André Giraud, the French Defence Minister, the two governments are committed to a joint evaluation of the competing early warning systems.

General Bernard Capillon, head of the French air force, said in the current issue of an air force review that "several solutions" had been

year, with consumption falling in the US, Japan and the EEC and

with only a small rise in demand in

offset this, according to figures from the International Iron and Steel Institute (IISI) published yes-

Mr Lenhard Holschuh, secretary general of the IISI, told the insti-

tute's annual conference in Rio de

Demand in industrialised coun-

tries is expected to slip by 2 per cent next year to 315m tonnes, 5 per

cent below 1985 levels. Consump-

tion forecasts are most optimistic for Brazil, Argentina, Mexico and

Venezuela as well as Korea, Taiwan

and India. Demand in developing

countries is likely to reach 107m

tonnes in 1987, 3 per cent higher

Steel purchases in Comecon

studied, but that "only one, the American Awacs E-3A, fits our operational needs within a reasons

Gen Capillon says that the air force would need at least three Awacs to provide low altitude cover in Europe and in operations abroad. Although the French Govern-

ment is formally committed to looking at both the American and the British options, officials indicated privately last week that the Boeing aircraft was the clear favouri warning system has become a de-fence priority since Mr Girand took over as Minister of Defence in March. Before that it had seemed that the buying of Awacs had been since it was already developed and

The three aircraft would cost about FFr 10bn (\$1.53bn) of which

World demand for steel next

year expected to remain flat

The medium-term outlook, ac-

cording to the institute, is for de-

mand in industrialised countries to

321m tonnes this year to 312m tonnes in 1990 and 308m tonnes by

1995. The latter figures are 5m

tonnes lower than projections made by the institute last year.

ed to show a 3 per cent annual growth rate in steel consumption,

rising from little over 100m tonnes last year to 137m tonnes in 1995.

The partial shift of production

power towards developing countries has now been reflected by the insti-

tute, which on Sunday decided to create an extra vice chairman's post

which will be reserved solely for a

The institute's overall forecasts of

flat demand are being made at a time when many steelmakers in in-

dustrialised countries are expecting

a tougher year than 1985 despite several years of positive restructur-ing and threatened closures. Some

of them see this as the start of a

A number of North European

producers, particularly those in West Germany, the Netherlands

cyclical downturn for steel.

oping nations.

entative of one of the devel-

Developing countries are expect

WORLDWIDE demand for steel 1986 at 721m tonnes, marginally be-will remain flat throughout next low last year's level of 723m tonnes.

parts of Latin America and Asia to drop from the estimated outturn of

rised future spending.

The French hope that if both countries should choose the Awacs, they could make a joint purchase

By lan Rodger in Tokyo and Terry Dodsworth in London

group, and Cable and Wireles (C&W), the UK-based internations moved a step further yesterday in their plans to collaborate in the provision of a second internation

The two companies announced that they were to lead a new consortium, Kokusai Digital Tsushin Kikaku (International Digital Express Planning), to bid for the contract to provide Japan with an additional

provice Japan with an annihilation overseas carrier.

The new consortium will be fac-ing a powerful alternative group, International Telecommunications of Japan (ITS), which is led by a handful of large Japanese corpora-tions with strong backing in some

official quarters.

Announcing plans to carry out a detailed feasibility study for the project yesterday, Sir Eric Sharp, chairman of C&W, brushed aside the threat from the rival consor-

to set up an operating company by the end of the year, he said, would be putting in a licence application within the next few months, and was expecting the licence to be agreed in 1987. "We hope to be in operation next year," he added. One of the strengths of the new consortium is the large 33 per cent stake held by foreign companies. C & W will have 20 per cent, the same as C. Itoh, while Pacific Telesis, the US West Coast regional telephone operating company will have 10 per cent - the same as Toyota, the Japanese car company - and Merrill

Despite the cluster of glamorou names in the ITJ group – including Mitsubishi, Mitsui, Sumitomo, Mar ubeni, Nissho Iwai and Matsushita Electric – some analysts believe that the large foreign presence in the C. Itoh/C & W consortium will give it a competitive edge in the li-cence negotiations with the Japa-

than last year. This would still a year under the control of Kokusai mean a net reduction in world ca-Denshin Denwa, (KDD), the Japa

Itoh, C&W in bid for Japanese telephone contract

The IDEP/C & W group expects

nese car company - and Merrill Lynch, the New York Securities group, will have 3 per cent. . . .

At stake in the negotiations is an international communications mar-

THE LEX COLUMN

Continuous paper at Nixdorf

To suggest that the 25 per cent rise in Nixdorf's share price since August offered an opportunity for a rights issue too good to be missed is true, but it is only part of the story.

Nixdorf has been growing its turnover at a regular 20 per cent for 10 years. It is no Norsk Data, which can milk its domestic market for cash. In private hands, the strains of growth caused periodic cash-squeezes at Nixdorf which ultimately not even the Deutsche Bank wanted to finance on its own. But since flotation in 1984, and including the one-for-six to raise DM 640m announced on Friday, Nixdorf has picked up no less than DM 2hn through equity issues without sur-rendering a single enfranchised

A p/e multiple of about 20 times this year's earnings, and a cash-flow multiple - for what it is worth - streets ahead of the average speak volumes for the market's conence in Heiriz Nixdorf's succes sors. But this valuation scarcely addresses the main question facing equity investors who do not regard nted rights issues sin cheap shares: is this paper-chase a once and-for-all adjustment to years of overtrading usual for German private companies or is Nix-dorf incapable of financing its own

scowing So far the signs are not greatly encouraging. While the precipitous growth in capital expenditure should slow this year, a good portion of the earlier issue proceeds has vanished into working capital, which has risen faster than turnover. However, capital gearing is now down to modest levels by Ger-man standards and the cash outflow could probably be financed out of borrowings for a year or two. Equally, the voting shareholders of Nixdorf, who have subscribed to the rights issues, can scarcely have botomless pockets even at a rights issue discount of 25 per cent; a bond issue with warrants would probably suit their cash-flow projections bet-

In normal circumstances it would it was weight of money, rather than were 50 per cent up and ahead of against the dollar. Surreptitious fundamental arguments, which drove the market up so far, it is entirely logical that dwindling volume to have figured somewhere.



sharp falls. Yesterday's 1 per cent drop in the Nikkei was the result of turnover of just 280m shares, com-

Although the fall in the Tokyo market over the past month has surprised no one, the steadiness of the correction may have con-founded the 1929-ers who predicted that so overheated a market would drop precipitously. In fact the 8 per cent drop in the Nikkei average obscures a much more dramatic fall of 17 per cent in the second market. Here there has not been anothers like enough liquidity to prevent a

As always in Japan, conspiracy theories abound. The latest suggests that the financial authorities have told the big traders to calm the market down so that the first tranche of NTT shares encounters a serene market debut this month. Yet the prices which institutions are thought to be offering for NTT stock capitalise it at around £80bn on a multiple of around 70 (or so). The climate is still distinctly humid.

Morgan Grenfell

for Morgan Grenfell to see its shares a full pound adrift of the 500p sale price struck in June. A merchant bank ought to be able to organise a decent after-market for ts own shares at least. But however violently Morgan racks its brains be wrong to read much into stock for reasons to get the price up, market movements on small turnover. But the Tokyo Stock Exthat" jibe fail to convince. Nobody

would only be deferred six months. In the first half, corporate finance income was well ahead of the 32 per cent contribution to 1985 profits revealed in the prospectus. Even with out the giant bids of the first half which generate the lucrative under writings - Morgan is still winning a few £300m or £400m deals to keep that proportion up. In the securities business there is now a large and expensive staff running an underexploited balance sheet. So Morgan looks more vulnerable than its rivals to the corporate finance down-turn and the Big Bang in the short term, even if it comes out as a winner eventually. Use of the £154m raised in June should help full-year profits to £30m or so, against £68.8m in 1985, and a p/e not far enough under 10. All Morgan can do now is regret its greed in setting the tender price, and try not to

The Vatman

To levy Vat on share trades executed by agency brokers but not on those done through firms deal-

that since commission rates have been argued down by 25 or 30 pe cent, to something like a fifth of a penny in the pound, Vat would be a truly tiny impost. Moreover, a good many institutions are exempt, and so their preference between brokers would be unaffected.

selling can only accentuate the shift towards brokers trading on a net basis as principals, where there is no commission at all, hence nothing on which Vat could be levied. Integrated houses which were planning to treat their agency and

market making functions as entirely unrelated businesses will clearly think again, unless the Vatmar

To keep the sterling index at exactly 68.0 throughout the day was a remarkable effort on somebody's part, considering that the pound sank twice as fast against the D-

UK Tories poised to attack

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

leadership intends to use to pave the way for a third general election victory and to toughen its attack on political opponents.

Ministers were last night openly delighted at the evidence of opinion polls at the week-end which showed that the opposition Labour Party's edge over the Conservatives had narrowed. This was in spite of the widely-publicised success of the Party's leader, Mr Neil Kinnock at and the priority was to gear up the

the agenda for the remainder of the election.

The party chairman was told by set down the guidelines for the type of radical forward-looking manifestics of members of the Federation

The Conservatives, he said, re-fused to build Britain's future on "dishonest money." He said: "Now we will begin to set out what we plan to achieve. There will be spe-cific targets in each area and we will say by when we aim to reach

his Blackpool conference.

The Tories, meeting at Bourne sure they were efficient and effective. He emphasised however, that had will use the conference as a land will be a land w land, will use the conference as a be had placed the emphasis on pre-platform for ministers to make a paring for next May's local elec-series of co-ordinated policy and that he had not put them nouncements intended to set out on an alert for an early general

to to which Mrs Margaret Thatcher, of Conservative Students had Prime Minister is now committed.
Mr Norman Tebbit, the party chairman, last night set the tone in a message to party supporters. He can do to curb what they regard as said that the Government had been the "lunatic fringe" and hope any

Mr Tebhit acknowledged thet the party was, on the whole, pleased Government had to do more to improve the health service, the education system and to tackle unemployment but that it was not pre-

THE BRITISH Conservative Party's annual conference starts today in a mood of confidence which the

forecasting total world demand for ever, they are all experiencing

laying the foundations for the country's economic recovery and that it avoided as an election nears.

Mr Tebbit said he believed the

Any obvious pre-conference jitters within the party appeared to be reserved for the state of sterling. A crisis in the next few days could blow a serious hole in the party's efforts for a trouble-free week, but Mr Tebbit said that the conference itself, with its clear message that there was not going to be any pre-election spending spree would act as a stabilising influence on the

money markets. The conference will today debate a range of issues from privatisation and housing policy to education and social services. Several ministers will provide details of proposals designed to give fresh mor a new sense of direction to the Government's parliamentary pro-

 Two men were arrested after po-lice discovered a handgun during a security check at the Tory Party conference hotel yesterday. The firearm was detected by special sensor equipment as one man en-tered the Higheliffe Hotel in

Bournemouth. A second man was arrested short-ly afterwards and both will appear in court today charged with firearms offenses, police said. The discovery came amid heavy security involving nearly 2,000 police officers

Singapore economy poised for recovery

Continued from Page 1

tion appears to have slowed, from 29.1 per cent in the first quarter to

The property glut, inspired in part by government miscalculation, will remain for years, depressing construction and putting a drag on the banking sector. This drag is onby partly offset by a pump-priming budget that the Government enacted in the spring.

Indeed, even the welcome sur-

prises in the manufacturing sector look extremely tentative. Singa-pore's refineries, which accounted for 27 per cent of manufacturing output in 1985, are working at near full capacity, but profits are low and, given the volatility of the oil markets, no one is willing to predict thet this little boom will continue

indefinitely.

The pick-up in ship repair business appears purely temporary, and while long-term strengths of the electronics sector seem well-founded, the industry is extremely dependent on the US market. Electronics exports declined slightly in July, and the industry would be hit

The rate of decline in construc- hard by any recession in the US. Another deep concern is the con-17.1 per cent in the irst quarter to the second, but the economies – particularly in Malaya-effect is savage. Unemployment sia and Indonesia. In the first eight rose to 6.5 per cent at the end of months of the year, bilateral trade June, and these figures mask a large exodus of labour back to neighbouring Malaysia and Indone-published) accounted for 20 per cent of Singapore's total trade

of Singapore's total trade.

That trade declined by about 10 per cent in the past year, and Singapore cannot return to sustained ro-bust growth until the depressed economies of its neighbours pick up again. That depends on a revival of commodity prices.

The Singapore Government reacted to the decline by introducing a set of measures including a round of tax cuts and sharp cuts in employers's contributions to mandreduced the costs of doing business in Singapore. The Government has tives to encourage new manufactur

It is now warning Singaporeans not to use the early signs of recovery to push for wage increases. In-stead, it is asking for two years of restraint in order to bring labour costs back to internationally competitive levels and counteract the effects of a much-vaunted "high-wage" policy earlier in the decade.





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Delays hit EEC internal market plan

THE ambitious plans drawn up by EEC in the course of this year, are running seriously behind schedule.

Altogether there are more than 300 separate Commission proposals, which between them represent the Community's well publicised drive towards a genuine internal market by 1992, one of the key aims of the current British presidency.

But with three of its six months in the chair still to run, Britain's chances of getting the timetable back on track look decidedly slim It is now widely admitted in Brussels that there is no chance of meet- delicately put it.

ing the target of 95 items for decision in 1986 which was drawn up thusiastically endorsed by the Brit- with the previous Dutch presidenish Government, to scrap almost cy. Indeed, with only 30 of these ap-100 internal trade barriers in the proved since the beginning of the proved since the beginning of the year (10 since Britain took over), the probability of falling well short of that goal is clearly likely. Mr Alan Clark, Britain's Trade

Minister, is expected to tell colleagues at today's meeting of EEC internal market ministers in Luxembourg that they must show greater urgency in seeking agreement cals on the often complex set of standards and directives. Britain is also uct setting up a new group of senior offew heads together," as one official

One of the major difficulties seen in Brussels is that the Internal Marand frontier formalities to the freedom of financial services, and individual ministers often arrive with an inflexible negotiating mandate. not necessarily provided by their own department. As Trade Miniswill spend much of his time discuss ing rules governing pharmaceuti-

Even the new approach to prod-uct standards, which abandons the old idea of barmonising every detail ficials from national capitals which of a product and allows mutual rewill be charged with "knocking a cognition of the standards of other



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday October 7 1986

Sharp to

invest

\$173m

in Brazil

SHARP, one of Brazile leading

consumer electronics and infor-mation technology equipment groups is to invest \$173m in the next four years to expand its market position domestically with new products and facilities and to bread to the

and to broaden its micro-elec-

Sharp S/A Equipamentos Ele-tronicos, the holding company, reported consolidated net ear-

nigs for the fiscal quarter to May 1986 of \$48.5, a real increase of

316 per cent over the previous 11

rency and economic adjustment

up in large measure because of an auction of rights to a stock of-fering and gains realised on stock issue for Sid Informatica,

an information technology com-pany within the group and pub-licly quoted.

The Sharp group, which includes 17 companies, reported sales for the 11 months ended in February of Cr 2.4 trillion (milli-

recruity of Cr 2.5 tribon (min-on million) (5189.8m at the end-period exchange rate). Sales for the first quarter this fiscal year were Cr 1.3m or \$100.5m re-

flecting a strong 30 per cent in-crease in consumer demand

Mr Daniel Dazcal, director vice president of the consumer electronics division, responsible

for 38 per cent of group sales, expects this year's sales to reach \$318m - mostly for televisions, wideo exsectle and audio equip-

tion of Japan owns 18 per cent of non-voting shares in the Astason company and is considering in-creasing its presence in Brazil.

worth only \$10m a year at pres-ent but Mr Daucal expects Sharp to enter the US market in the

throughout the country.

ment and calculators.

oths before Brazils new cur-

ures took effect on March 1.



Paper Security Pacific to add to its Europe activities

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SECURITY PACIFIC, the large US toring network in France, Ger-

west coast banking group, intends expanding its asset-based finance activities in Europe.

Mr William Ford, vice chairman in charge of the Financial Services System, said yesterday that the group was looking for acquisitions to add to its existing European operations, which include the consumer and commercial finance markets of about 51th and is carried a reer and commercial finance markets, of about \$1bn and is earning a re-Last week Security Pacific EuroFinance, the group's London finance subsidiary, bought Anglo
Factoring Services, a factoring and
receivables concern in Brighton.

The group expects to develop a facby lower loan losses on asset-based

Germany. Spain might be the next
territory for expansion.

Mr Ford said that Security Pacific was now considering starting a
venture capital business in Europe.

"I think we should have some coverage here," he said.

He said the main areas of inter est were property finance, acquisi-tion financing, factoring and acqui-

sitions of new companies.

The group has also entered the insurance business in Europe. Earlier this year it launched a credit insurance company in the UK and has an insurance broking arm in Germany. Spain might be the next territory for expansion.

Norsk Hydro sees profits fall

NORSK HYDRO, the Norwegian energy and industrial group which in mid-summer reported a sharp decline in first-half results, yesterday substantially downgraded its profit expectations for 1986 as a whole.

In a short statement in advance of the third-quarter results, Norsk 400 train and Hydro said its earnings for 1986 would be considerably poorer than the weak profits outcome predicted with the interim figures.

July's half-year report - which showed group profits about 50 per cent lower at NKr 1.32hn (\$179m) before tax - had predicted a better balance between costs and prices in the fertiliser division during the second half of 1986. Instead, Norsk Hydro said yesterday, the trend has

Lucky Stores rejects bid by Edelman

By Our New York Staff LUCKY STORES, the diversified Californian retriler, has rejected the \$35 a share takeover offer by Mr Asher B. Edelman, the New

York investor. The board was unanimous in dethe group at about \$1.79bn, was in-adequate. It has instructed the

means of restructuring the compa ny to realise shareholder values in Last Thursday the board adjourned its meeting without re-sponding to the offer, saying it was seeking additional information from its management and financial advisers. Mr Edelman made his of-

fer to the group in a letter on Sep-

third quarter and prices in the maior European markets were unsatis-

Results from overseas markets continued to be poor, and lower en-ergy prices "have not yet fully influenced raw material costs for the fertiliser industry.

Apart from weak fertiliser trad-ing, Norsk Hydro's interim results were hit by the devaluation of the krone, soft oil prices and a strike in the Norwegian sector of the North Sea which halted oil and gas sales during April.

Half-year operating profits in the tinues to labour energy division fell from NKr 2.5hm trading difficulties.

Norsk Hydro said the interna-tional fertiliser market had been cals turned a profits of NKr 51m in-under "severe pressure" during the to a loss of NKr 100m for the six

Fertilisers accounted for fast under haif a group turnover in 1985. For the first half of 1988 Norsk Hydro said competition had remained keen with prices falling. Sales had also been hit by the way distributors had run down their stocks.

Looking ahead, the Norsk Hydro

interim report drew some or from the reduced cost of natural gas and other raw materials. However, the latest statements

from the company - just three weeks in advance of the next set of results - suggest that the group con-tinues to labour under extreme

Western Pacific agrees Danaher takeover bid

BY DAVID BLACKWELL IN NEW YORK

WESTERN PACIFIC Industries, a New York-based producer of counting devices, fasteners and industrial precision components, yesterday abandoned plans for a \$155 - chare takenver by a group including its

Instead it has accepted an offer of had turned out to be greater than \$163 a share from Danaher, a Wash-expected. ington-based manufacturing group controlled by brothers Steven and Mitchell Rales. The agreed bid will be made through a tender offer to-talling \$378m to be launched later

Pacific shares were down \$3% at New York-investment banking \$162% on the New York Stock Exchange and Denaher \$% up at \$11%. Howard A Newman, Western Pacific The day before the buyout plan mber 18,

This announcement appears as a matter of record only.

The Toyo Trust and

U.S. \$1,000,000,000

Euro-Certificate of

Chase Investment Bank

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Dealers

September, 1986

Deposit Programme

Banking Company, Limited

Western Pacific, which has had an erratic earnings record for the post five years, announced the management buyout plan on September

The division recently acquired an 85 per cent stake in the Bra-illian subsidiary of Facit for \$8m. Gibbons, Green, van Amerongen, a New York investment banking ic's founder chairman and chief executive and a major stockholder.

technology and micro-es are Sid informatica electronics are Sid Informatica and Sid Microelectronica, the interest about to go public. Mr Antonion Carlos Rego Gil, director president of both companies, said the group would invest \$80m over the next four years to become the only industrial plant for diffusion for digital integrated circuits in Latin America.

Brother to set up **US** factory

By Our Financial Staff BROTHER INDUSTRIES, the

es and typewriof sewing stachines and typewri-ters, is to establish a wholly owned subsidiary in the US to produce electronic typewriters. The move is designed in cope with the inspect of the rise in the value of the yen, which has eroded the profit margins on the company's exports to the US.

The new company, Brother industries (USA), will be based in Bartlett, Tennessee, with preduc-

The plant will be the compa-ny's second overseas production hase for electronic typewriters, following one in Britain, which went into production in July.

Last year Brother exported about a third of the 1.2m typewriters in the last of the 1.2m typewriters it was a last of the 1.2m typewriters in the typewriters in the 1.2m typewriters in typewriters in the 1.2m typewriters in typewriters in the 1.2m typewriters in the 1.2m typewriters in the 1.2m typewriters in

ters it produced to the US.

Initial production at the Ten-nessee plaint is set at 150,000 un-its but might rise to about 300,000 in the future, the company said. The US company, capitalised at \$8m, will employ about 290 people. It plans to acquire about 30 per cent of its parts locally

Brother suffered a 52 per cential in profits in the six months to May due in part to exchange losses from the yen's steep rise.

Not profits fall to Y1.96bs (\$9.9m) on turnover 11 per cent lower at Y79.1bm.

Agreement will aid production of new generation of personal computers

Intel and IBM sign design pact

DETAILS OF A big semiconductor technology exchange agreement between Intel, the silicon valley chip maker and IBM, the world's largest computer manufacturer, were made known yesterday.

The agreement which was

signed early this year as part of a broader business pact, is expected to provide IBM with a partial solution to its problem of competition from makers of personal computer

IBM the rights to incorporate In-ter's microprocessor and peripheral chip designs into customised chips. IBM is expected to produce its own version of the industry standard personal computers that cannot easily be copied by its competitors.

IBM uses Intel's standard chips

to make its personal computers. This has enabled an estimated 250 companies to produce "copycat" same chins. The so-called clones are ed to grow to more than \$8bn by

Louise Kehoe in San Francisco examines the exchange expected to provide IBM with a hind competitors in answering the partial solution to its problem of competition semi-custom market. Now it will invest about \$100m for new manufacfrom makers of PC clones

currently outselling IBM's own per- 1990, representing about 25 per cent

sonal computers.

The announcement of the technology agreement cements an already strong relationship between IBM and Intel, a major supplier of chips to IBM. In 1985 purchases represented almost 20 per cent of Intel's sales. IBM is also a large In-tel stockholder, holding almost 20 per cent of Intel's shares.

The agreement provides intel with a big boost into the markets for "semi-custom" chips, one of the fastest growing sectors of the semiconductor business. Worldwide semi-custom chip sales totalled almost 51hn last year and are expect-

IBM "gate array" technology. Gate arrays are semi-custom arrays of logic devices that can be shaped to perform a wide variety of functions

Intel's own chip designs in a semi-custom "macrocell" offering. For Intel, yesterday's announcement signals the company's long- nues.

of chip sales.
Under the terms of the agreement, Intel will acquire the rights to Although Intel enters the semi-custom business later than its competitors, the company is the

according to a system designer's needs. IBM was one of the earliest users of gate arrays and its technology is considered very advanced. In addition, IBM will provide intel with a library of pre-design chip "cells." These will be combined with

first to offer both gate arrays and macrocell chips. "This unified ap-proach gives systems designers im-portant flexibility." Mr Grove said.

tom chips to boost its sales signifi-cantly over the next two to three years, said Mr Grove. In the longer term, however, the new semi-cus-tom capability will add to Intel's ability to move its investments in new chip designs into adaptable versions providing additional reve-

turing facilities, design centres and support for its new product line, said Mr Andrew Grove, Intel presi-

Saint Gobain predicts earnings will double

BY DAVID HOUSEGO IN PARIS

SAINT GOBAIN, the French state France (CCF), the French commer-glass group due to be privatised be-cial bank, and Kleinwort Benson, fore the end of the year, expects to the British investment bank, to glass group due to be privatised be-fore the end of the year, expects to double first-half profits.

The group said yesterday it ex-pected to show net consolidated profits of FFr 600m to FFr 650m 892.3m) for the first six months of the year compared with FFr 325m for the same period of 1985. Turn-over rose from FFr 31bn to FFr comparable structure the increase is 11 per cent.

The profit improvement is in line with the group's earlier forecasts. Full figures for the first half are to be published in about a week.

The division plans to invest \$53m over 30 menths to expand expacity in its Manaus-based incility, Sharp do Brasil, to meet demand in the growing S2hu do-meetic market. Sharp Corporacalled in Crédit Commercial de for about FFr 2bn.

help to evaluate Saint Gobain's worth before it is put on the market in early December.

Mr Jean-Louis Beffa, the group president, said yesterday that the improved results stemmed from the for the same period of 1985. Turn-over rose from FFr 31bn to FFr 37.5bn - although on the basis of a down of its financial charges.

The group's capital and reserves have been recently strengthened by the issue of FFr 24hn in certificats d'investissement (no voting stock) and by the sale of the bulk of tis stake in Compagnie Générale.

The French Government has des Faux, the French water group,

Midlantic Banks boosts third quarter to record

BY OUR NEW YORK STAFF

MIDLANTIC Banks, the fast-growing New Jersey-based regional banking group, boosted third-quar-ter net profits to a record \$29.4m, or \$1.31 a share, from \$25.3m, or \$1.16 a share, previously.

This took the nine-month earnings to \$82.1m, or \$3.89 a share, up from \$64.6m, or \$3.28 a share. last

The results reflect the group's acquisition of Heritage Bancorporation in May last year.

Mr Robert van Buren, chairman Total loans and chief executive officer, said: to \$7.51bn. Midlantic has again achieved rec-

net interest income resulting from increased levels of earning assets and higher fee income."

The growth in earnings assets stemmed from increased loans in both the commercial and consumer sectors of the market. The higher fee income came mainly from in-creased activity in the mortgage banking subsidiary and other fees relating to services, he said.

The bank's total assets reached a record \$11.21bn at the end of Sep-

ember, up from 59.98bm a year ago. Total loans increased from \$6.198bn

Midlantic Banks has 312 offices ord net income and met its planned located throughout New Jersey, and financial goals. The principal factors which contributed to our imsylvania, London, Hong Kong and proved performance were higher the Cayman Islands.

This announcement appears as a matter of record only.



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The undersigned acted as a financial advisor to Imasco Limited in this transaction.

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THE FINANCIAL TIMES is proposing to publish a survey on

MARKET RESEARCH

Publication date: 5 November 1986

- 1. Introduction 2. Who's Who in Market Research
- 3. The Users of Market Research
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Dart and Kraft Financial Corporation

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In accordance with the terms and conditions of the above Notes, notice is hereby given that, effective as of the close of business on 15th October, 1986, Manufacturers Hanover Bank Belgium S.A./N.V. of 13, Rue de Ligne, B-1000, Brussels will cesse to act as, and effective as of 16th October, 1986, the office of Kredietbank S.A., at 7, Arenbergstraat, 1000, Brussels, has been appointed as, a Paying Agent for such Notes.

In accordance with the terms and conditions of the above warrants, notice is hereby given that, effective as of the close of business on 15th October, 1986, Manufacturers Hanover Bank/ Belgum S.A./N.V., of 13, Rue de Ligne, 1000, Brussels, will cease to act as, and effective as of 16th October, 1986, the office of Kredietbank, S.A., at 7, Arenbergstraat, 1000, Brussels, has been appointed as, warrant agent for such warrants.

> Manufacturers Hanover Limited Fiscal Agent/Principal Paying Agent

INTERNATIONAL COMPANIES and FINANCE

John Elliott reviews Pakistan's switch to Islamic banking 15 months on Jusco and

No-interest banking boosts profits

heard among businessmen and pay lip service and as good bankers in Pakistan's commer-dial capital of Karachi about says one Pakistani banker. the country's system of no-interest Islamic banking which has now been in full operation for nearly 15 months.

When the programme for a when the programms for a compulsory one-year switchover from traditional western
hanking was announced in June
1984 as part of the general
Islamisation policies of President Zia ul-Haq, it was greeted
with a mixture of incredulity
and apprehension by both
foreign and Pakistani bankers.
No other Muslim country had No other Muslim country had

tried a similar change. Now, when the possible intro-duction of strict Shariat courts on family law as part of the wider Islamisation policy is sparking opposition in the country, bankers in Karachi asy that Islamic banking has ironically liberalized some aspects of that Islamic banking has ironically liberalised some aspects of a previously tightly controlled system and has even helped to boost foreign banks' profits. The restrictions the bankers feared on their operations have not materialised, although paperwork, computerisation and administration has been complicated. Businessmen say they notice little, if any, difference in their dealings with the country's five nationalised and 17 foreign banks, whose com-

17 foreign banks, whose com-bined deposits last year totalled Pakistan Rs 140bn (\$8bn). A lot of political impetus has evaporated since President Zia ul-Haq, who personally pushed the reforms, handed over daytoday running of the country last January to Mr Mohammed fixing a rate of return of be-which they pay depositors every than Junejo, the Prime Minister. "No politician in the Government is keen on Islamic Documents are signed for 20 formula in which they take

When the details of the system were amounced, the State Bank of Pakistan published a list of about 12 approved modes of financing which basically provided for banks to levy either a service charge based on their administrative costs or a marketn or strative costs or a mark-up on the value of goods handled, or alternatively, to enter into profit and less sharing, which is known as Musharika. Interest -Riba -- unrelated to profits and losses was banned.

Mark-up system

In practice the banks have settled down to a system of mark-up, which sceptics say is interest by another name, for almost all lending, and a modi-fied form of profit and loss sharing for deposits. There are two occasionally used modes called Musharika loans and Mudarbe funds.

is cautiously described - al- So they can adjust what they though the bank is usually aim- pay according to their costs and ing to recoup only 114, similar can keep their rates on the low to the earlier interest rate of side if expenses are heavy.

Islamic fundamentalists are far from happy. But for the time being at least there is uo sign of any political action on their complaints that the system is a sham, or at best cosmetic. They say that neither loans nor deposits involve a bank and its customer in that bank and its customer in that charges or interest on interest. It uses the extra 6 per cent as a buffer should things go wrong hecause it cannot later do anything that looks like usury and impose extra penal bank and its customer in that charges or interest on interest. It can go to a specual tribunal—though no bank has done so yet—to recoup bad debts. On balance, this system has in-

yet—to recoup bed debts. On balance, this system has in-creased the banks' freedom of manoeuvre in setting charges, and has also increased profits. According to Mr M. R. Khan, chairman of the Pakistan Banking Council which has overseen the change, there have unly been about 20 to 25 grunine cases of Musharikas loans, which involves full bank sharing of the profits and losses of the borrower. Most companies do not want to share profits and

> cannot do Musharikas because of US legal restraiots. There have been a few examples of Karse-Hassna where deserving poor obtain leans at no interest. Banks naturally do not promote such leans and the decline in government. ment interest means there has been no political pressure.

not want to share profits and most banks do not want to risk sharing losses in businesses they cannot control. US banks

Under the system of profit and loss-sharing for bank borrowing, banks fix an amount

Generally the foreign banks have paid over 10 per cent, which is more than the domestic nationalised banks' 7 to 7 per cent, and have increased their profits.

Fall-back guarantee

But the point to which funds mentalists object is a fall-back guarantee that the bank will repay a deposit, even if it is making losses.

One significant fund-raising innovation is the Mudarba, a form of venture espital-orientated unit trust, in which a promoter runs a fund and attracts financial backers for industrial investment and finan-cial operations. An example is leasing, one of the accepted Islamic modes. A handful of these have been set up totalling less than Pakistan Rs100m.

"We have finished up with "We have finished up with a Muslim law which means you can do more, particularly in merchant banking, than you could before in what was a very strictly controlled banking environment," says a Paking environment," says a Paking environment, and a paking stani banker.

"The system that has evolved is as good as you can expect, given that we can't go back to the days when, with no notion of commercial banking, traders funded caravans going off into the desert and then the commercial than the commercial banking. shared the profits and losses ou their return."

Uny lift midterm earnings

By Yoko Shibeta in Tokyo

JUSCO AND UNY, Japan's fourth and sixth largest supermarket chains, have both reported steady gains in net profits for the half-year to the end of August, helped in part by the strength of the yen and falling interest rates.

Jusco's pre-tax profits advanced 14.2 per cent to Y9.56bn (\$62m), while net profits grew 11 per cent to Y4.66bn, on sales up by only a marginal 0.9 per cent to Y367,48bn. The sluggish-ness of sales was attributable to the general weakness of the economy, as well as bad summer weather which depressed sales of summer clothing and other easonal goods, according to

Gross margins none the less improved by 0.5 per cent to 25.4 per cent as a result of lower prices for materials, reduced utility rates and the introduction of point of sales systems which cut inventory costs and raised the turnover rates of merchandise. Low interest rates, thanks in part to the dearer yen, helped improve the balance on financial items.

Pre-tax profits at Uny ross 5.2
per cent to Y75n and net profits
by 4 per cent to Y3.775n on
sales up 5 per cent to Y209.515n.
Lower interest rates and a relatively low cost of raising capital,
then to the lower of warrant thanks to the issue of warrant bonds were cited for the in-

Thursday, 9 October

Thursday, 9 October

Monday, 13 October

Wednesday, 5 November

Wednesday, 5 November Thursday, 6 November Thursday, 6 November

Wednesday, 12 November

٠, ١

Friday, 17 October

Fridey, 7 November Fridey, 7 November

Grindrod Unicorn seeks listing

BY IIM JONES IN JOHANNESBURG

quotation in Johannesburg with an issue of 5m shares at R2.70 deach. The general public is to be offered 2m shares and the remaining 3m will be preferentially placed with directors, employees and business associates.

After the finitalian

ates.

After the flotation, Grincor will have 25.2m shares in issue of which 24 per cent will be held by the public, 62 per cent by the controlling families and 14 per cent by Southern Life, the life assurance arm of the Angle American croup.

cent-owned shipping arm, and increase to R18.7m. They expect subscribed

The plant is one of the most

£100,000,000

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BUILDING SOCIETY

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U.S.\$336.10

3rd November 1986

Interest Rate

Interest Period

Interest Amount per

£10,000 Note due

5th January 1987

Interest Period

Interest Amount per

U.S.\$10,000 Note due

3rd November 1986

111/8% per annum

3rd October 1986

5th January 1987

£286.51

the Indian Ocean basin. The company owns 17 ships and currently. charters another

NZ fibreboard plant comes on stream

A NZ\$45m (US\$22.7m) medium. technically sophisticated in the density fibreboard plant, a joint venture between Sumitomo Forestry of Japan, the Newmans group and Odlins of NZ has been brought ou stream.

Of the 90,000 cubic metre production 36 per cent will be exported to Japan and another exported to Japan and another this type. During construction, not a single day was lost through industrial disputes — a ago following protracted industrial unrest.

Current New Zealand industrial forest industry. Co-inciding with the commissioning of the new plant, was the vote by locked out pulp and paper workers at the giant Kawerau newsprint plant to remaily required for a plant of this type. During construction, not a single day was lost through industrial disputes — a ago following protracted industrial unrest.

results warrant it, the ground will be mined by Freegold.

GRINDROD Unlcorn (Grincor), wholly-owned Grindrod Group to pay an ordinary dividend of South Africa's second largest the transport and ships' services shipping and transport group arm. They say that only a state of the country's largest limited portion of the group's family-controlled companies, is to obtain a stock exchange quotation in Johannesburg with the individual contributions raised capital through the state of the transference are not die. Johannesburg stock exchange of the transference are not die. Johannesburg stock exchange (JSE) in the past 12 months or so, During the first half of this year newly-listed companies

the stock exchange. Brokers estimate that such companies will raise about RL5bn through the equity market this year and expect the amount to rise well over R2bn of which 24 per cent will be currently. Charters another ket this year and expect the held by the public, 62 per cent eight.

by the controlling families and in 1985 consolidated turning the controlling families and in 1985 consolidated turning the life assurance arm of the operating profits before tax and number of new issues since the nu

Further to the announcement on 24 September 1986 CMI announces that the Johannesburg Stock Exchange ("the JSE") has granted a listing for the renounceable (nli paid) letters of allocation ("letters") pursuant to the rights offer to ordinary members of JCI (other than those members whose addresses, as recorded JCI (other than those members whose addresses, as recorded JCI's share registers ere within the United States of America or Canada) of 7373 300 ordinary shares in CMI. These letters will be listed from Montay, 13 October 1986 to Wednesday, 5 November 1986, both days inclusive. A listing has also been granted by the JSE with effect from 6 November 1986 for 42 500 000 ordinary shares of 105 cents each in CMI. It is anticipated that dealings, will be allowed on The Stock Exchange in London under the provisions of Rule 535.4.2 which permits dealings where the principal market is outside the United Kingdom and the Republic of Ireland.

Salent dates Salient dates Record date for the JCI rights of last day for relevant members of JCI to register for the CMI rights offer — close of business on

Publication of pre-listing statement Listing of the renounceable (nil pald) letters of allocation commences on the

JSE
Offer opens in Johannesburg and
London 09h30
Last day for dealing in letters of
allocation on the JSE
Last day for splitting letters of ellocation
— in London by 15h00
— in Johannesburg by 14h30
Listing of the ordinary shares of CMI
commences on the JSE
Rights offer closes — last day for
acceptances and payment to be made by:
14h30 in Johannesburg
15h00 in London
Last day for late postal acceptances. In

Last day for late postal acceptances, in Johannesburg only, by 14h30 CMI share certificates posted on or

Wednesday, 19 November

Consolidated Metallurgical

Industries Limited (Registration No. 75/00230/06) (Incorporated in the Republic of South Africa) ("CMI")

RIGHTS OFFER OF ORDINARY SHARES IN CMI TO ORDINARY MEMBERS OF JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED ("JC")

All times given are local times in the Republic of South Africa and the United Kingdom, as eppropriate.

Subject to the ebove, the CMI offer circular, which will include the renounceable (nil paid) letter of allocation and the CMI pre-listing statement will be posted to members of JCI on or before Friday, 17 October 1986.

In eccordance with instructions to be advertised in certain leading newspapers in London and Paris, holders of JCI share warrants to bearer mey receive a listing and acceptance form by lodging coupon No. 122 with the London Registrars, Hill Samuel Registrars Limited, 6 Greencoat Place, London SWIP IPL.

Freeddies gold mine of Freegold per cent; Dulker Exploration in the Oranga Free State is to be carried out over three years at a cost of Rilm (\$4.5m). If Corporation group 15.6 per

cent; Anglovasi and Middlewitz 1.6 per cent.



Freegold extends exploration

FURTHER EXPLORATION of The company to be formed to ground to the east and south hold rights over the area will east of the South African be owned as to: Freegold 57

BY KENNETH MARSTON, MINING EDITOR

medium term loan

Arranged and provided by: Banco di Santo Spirito London Branch Licensed Deposit Taker

Istituto Bancario San Paolo di Torino London Branch

Italian International Bank Pic Monte dei Paschi di Siena Banking Group

Agent Bank: Banco di Santo Spirito London Branch Licensed Deposit Taker



C.I.R. International S.A.

NOTICE TO THE HOLDERS OF ECU 85,000,000 Guaranteed 41/8% Convertible Bonds Due 1995 ("the Bonds")

Unconditionally guaranteed by and convertible into non-convertible Savings Shares of

Compagnie Industriali Riunite S.p.A.

("the Guarantor")

Following the Capitalisation Issue and the Rights Issue by the Guarantor, the Subscription Price of the Bonds has been adjusted pursuant to Clause 10 (A) of the Trust Deed dated 25th October, 1985 constituting the Bonds, from Lire 3,930 per share to Lire 2,880 per share.

The New Subscription Price of Lire 2,880 per share applies to any conversions of the Bonds made on or after 3rd October, 1986.

PANTREM& C. S.P.A. ECU 8,000,000

in association with:

Itab Group Limited

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Bonds trade firmer but new issue activity muted

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Limited M Mill In. MOST SECTORS of the Europoint over US Treasury bonds.

market ended yesterday's Yesterday Bacob's bond was couraged by the improvement quoted et 991, outside the level in US Treasury bonds during Friday's close, with the Europoint of its 11 per cent total fees. But European trading hours. Prices dealers said the issue would find firm placement in European retail hands in due course.

Yamaichi International improved by around 1 point as the US authorities would lower interest rates.

have e strong appeal to European investors.

Swiss Bank Corporation International, as sole manager, launched a \$150m four-year bond for its parent, Swiss Bank Corporation. The coupon was set at 7 per cent and issue price at 1011. The manager said that placement was proceeding smoothly, and quoted a bid price of 991, within 12 per cent seeking a ligh current yield. Nissan's seven-year bond has an issue price of 994. Paribas Asia launched a long-expected \$75m five-year floating-exchange rate was set at 7 per cent and issue price of 294, within 12 per cent seeking a high current yield. Nissan's seven-year bond has an issue price of 994.

Warrant exercise price was set at 7 per cent bond has an issue price of 994.

Paribas Asia launched a long-expected \$75m five-year floating-expected \$75m five-year floating-expected

sidiary of the Belgian savings market after violent price fine-bank. The deal was priced at tuations last week, with prices 1011 with a 71 per cent coupon unchanged on the day or to provide a yield margin at slightly lower. It is to be be be belgian to provide a per cent coupon unchanged on the day or issue of about 1 percentage Trading in the D-Mark declines.

mic data, which rekindled hopes that the US authorities would lower interest rates.

However, continuing uncertainty over the direction of the dollar, especially as Opec's meeting on oil production quotas opened in Geneva, kept retail investors on the sidelines, and new issuing activity was moted.

London subsidiaries of Swiss banks were active, however, issuing bonds which should have e strong appeal to European investors.

Prices of Swiss franc bonds improved by around i point as short-term interest rates eased. A SFr 250m 15-year 51 per cent bond with equity warrants for Carter Holt Harvey, the diversified New Zealand industrial company, traded for the first time. The deal was quoted at par, the level of its issua price Bank Moes & Hope issued a FI 50m Enro-guilder bond for Lease Plan Holdings, the Dutch leasing company. Tha five-year 6 per cent bond has an issue price of 991.

UMW suffers first-half setback

UMW, THE Singapore car ringgit from 15.8m ringgit s in the timber, construction and assembler and heavy equipment year ago, it was down from the motor vehicle sectors. The concern, suffered a 29.3 per 46.8m ringgit loss recorded in company said that 27 per cent cent higher after-tax loss fer the second half of 1985. of turnover came from heavy the first six months of 27.4m UMW said turnover fell 80.5 equipment, other equipment ringgit (\$10.4m) reports AP-DJ per cent to \$36.2m ringgit in and support services, while the The company pointed out, the half, which it blamed on remaining 73 per cent came however, that, although the continued weakening in the from its Toyota distribution pre-tax loss widened to 22.4m Malaysian economy, particularly and assembly business.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

職以中代·八本公司·長の長の長次年代中本大大小大

VEN STRANSITS based SM Offer by west Asser, Expr. 05 Cr. 57s 91. 20 995, 1807, 0 +0%, Dermark 67s 76. 20 195, 1807, 0 +0%, Dermark 67s 76. 25 195, 1807, 1807, 0 -0%, E16 67s 95 20 195, 1807, 1

* No information available—previous day's price. †Outy one started exicer supplied a price.

Straight Busin: The yield is the yield in redescribe of the mid-prior, the amount found is in millions of currency units except for Yes bonds where it is billions. Change on weak—Classic over price a weak earlier.

Fleating Rate Stetum Descendant in clotters unless otherwise indicated. Compon shown is pointmen. C.dir—Date next coupen becomes effective. Sprand—Margin shore shomonth offered rate Cf. three-month; § above mean rate) for US deflers. C.cpm—The cornect compon.

Convertible Sandar Denominated in dollars unless otherwise indicated. Gig. day-Change on day. Can. date—First date for concertion into shares. Can. price—Routesi amount of bond per stare expressed in conveny of slave at conversion what that at lane. Prems—Percentage prespiner of the current effective price of acquaining shares via the band over the main retest price of the

© The Financial Times Ltd., 1996. Reproduction in whole or in part in my form not permitted without written consent. Data supplied by naTASTREAM international.

The prices over the past week were supplied by: Kredistiank NV; Commerciank AG; Dautsche Bank AG; Westderlindesbank Girozantrale; Banque Generale du Lumenburg SA; Banque internationale Lumenburg; Kredistiank Luxernies semine Bank Nederland NV; Pierson, Heddring and Pierson; Credit Suisse/Swiss Credit Bank gark of Tokyo International semine Bank International; Chece Manientary; Citicorp International Bank; Dates Europe NV; Credit Commercial of Firestiles); SBC Anno Bank; LTCB International; Rober Fleming and Co.; First Chicago; Goldman Sachs International; Pierson, Contractional; Marrill Lynch Pierse Ferner and Smitt; More prevaided, Hambros Bank; LTCB International; Kidder Peebody International; Marrill Lynch Pierse Ferner and Smitt; More international; Midde Separations Company (Europe); Nomura International; Orion Royal Bank; Sarrand Mottaga and Cata Generale Stream. Turniball; Sarnicomo Finance International; Sarias Bank Corporation International; S. G. Warburg.

Amex launches stock index option

By Roderick Oram in New York THE AMERICAN Stock Exchange (Amex) has launched a stock index option

eonsisting of the 75 most widely held US shares designed primarily to help institutional investors hedge Trading of 29.591 contracts last Friday set a first-day volume record for a stock index eption, the exchange said.

Amex chooses the most popular shares in value terms from reports on portfelles worth more than \$100m which investment managers must file with the Securities and Exchange Commission each quarter. Each stock must be held by at least 280 institutions and have traded a minimum of 2 m character as he was the stock must be held by at least 280 institutions and have traded a minimum of 2 m character as he was the stock of the s the previous two quarters.

The exchange, which has studied pertfelle reports from the first quarter of 1983, expects to replace no mere than three shares in the index each quarter as stocks fall in and out of favour with insti-tutional investers. Mathe-matical recalculations will keep the index value constant

tien.
In a further development,
Amer's existing index option,
the 20-share Major Market
Index, should start trading on the European Options Exchange in Amsterdam within the next few months, Mr
Ivers Riley, Amex's senier
executiva vice president, said.
The options will be fully
interchangeable allowing, fer
example, purchase on the
Amsterdam exchange and sale on Amex in New York. Trading on the twe axchanges will overlap for an hour each

at each change in composi-

NZ stock market ranked top performer

By Dai Heyward in Wellington NEW ZEALAND'S stock market has been the best performer in the world ever the past decade. Its rate of the past decade. For rate of return to investers was a higher than the UK and deuble that of the US markets for the 10 years to 1985, according to a survey by Jarden and Co, a leading stockbroker.

The average rate of return over the decade for the NE market was 28.4 per cent.

Next best was the UK at 25.1 per cent. The US averaged 14.2 per cent. The figures average out the

The figures average out the return over the 10 years but in 1981 and 1983 New Zealand's market return was the best of any country's.

For 1983 the rate was an enormous 119.4 per cent. Only three ether countries, France, the Natherlands and Hong Kong exceeded an average return of more than 20 per cent.

26 per cent. The figures cover both capital growth and dividend reinvestment and were based on local currencles.

Teifin acquires Hercules stake in joint venture

TEIJIN, JAPAN'S biggest polyester producer, has taken over from Hercules of the US the American company's share in Teijin Herenles Chemical Company, a joint venture between the two groups, writes Kyodo in Tokyo.

Teijin Herenles was neighbolder at was in 1863 and

Tetjin Hercules was originally set up in 1962 and was 51 per cent owned by Teijin and 49 per cent owned by Hercules. The joint venture has been producing dimethyl terephthalate (DMT), a material used in the manufacture of polyester, at an annual rate of 270,000 toanes, all of which was sold to Teijin.

Hercules decided to ask Teijin to dissolve the joint venture in July since it has been moving out of the DMT business and stood to make a large dellar profit on the sale of its stake due to the in-

of its stake due to the in-creased value of the yen. By purchasing Hercules' stock and making Teilin Hercules a wholly-owned sub-sidiary, Tellin can make Telin Herenles' operations more efficient and strengthen its position in the DMT business, the Japanese company claims.

Julius Strauss dies at 75

By Alexander Nicoli MR JULIUS STRAUSS, for many years a prominent figure in the international capital markets and the man said to have coined the word "Eurobond," has died aged

75. He had been joint chairman 1983, Strauss Turnbull since 1983, and deputy chairman of Societie Generalo Strauss Turnbull since 1980, As a leading market maker in Eurobonds, Mr Strauss was behind Strauss Turnbull's becoming a force in this area. becoming a force in this area.

IPMA urged to act on disclosure

THE INTERNATIONAL Primary Markets Association (IPMA), the self-regulatory organisation for the Eurobend primary market, is under increasing pressure to tighten up disclosure requirements for new issues. In the view of many market participants the present requirements leave under
Meanwhile underwriters can find themselves unable to offset the market risk on their commangers are not guaranteed the market risk on their commangers are not guaranteed the market risk on their commangers are not guaranteed the market risk on their commangers are not guaranteed the market risk on their commitment.

Critics of their practice of "cosmetic syndication," where lead-managers into a deal on the initial invitation telephone only have two days before promanagers will not retain a significant proportion of their underwriting commitment.

Critics of the practice of "cosmetic syndication," where lead-managers into a deal on the initial invitation telephone only have two days before promanagers will not retain a significant proportion of their underwriting commitment.

Critics of the practice of "cosmetic syndication," where lead-managers into a deal on the initial invitation telephone only have two days before promanagers will not retain a significant proportion of their underwriters can find themselves unable to offset the market risk on their commanders are not guaranteed the underwriters can find themselves unable to offset the initial invitation telephone only have two days before promanagers will not retain a significant proportion of their underwriters can find themselves unable to offset the initial invitation telephone only have two days before promanagers are not guaranteed the underwriters can find themselves unable to offset the initial invitation telephone only have two days before promanagers will not retain a commander of the initial invitation telephone only have two days before promanagers will not retain a deal-managers are not guaranteed the underwriters can find the initial invitation to a deal on the initial issues. In the view of many market participants the present requirements leave underwriters and investors exposed to unacceptable risks.

Market participants are pressing for the association to recommend that load managers give firm indications of underwriting allotments after inviting

order all of the area of the a

"The present system enables a lead-manager to play with co-managers' money," said one syndication manager.

mitments, because they have no idea what size they are.

guaranteed amount.

guaranteed amount.

The market practices committee is also pressing for load-managers to reveal at launch when a Eurobond is a private placement rather than a public, traceable deal. The problem of uncertainty ebout this has been highlighted recently as large numbers of specialty deals targeted at specific investors—mostly Japanese—have been launched.

In particular, the committee

more bonds than their initial bonds which they will be guaranteed amount. unable to off-load in the market

This practice was officially condemned by the IPMA last July, but some market partiwhen a Eurobond is a private cipants believe it is still placement rather than a public traces today, is considering wording of a recommendation to increase initial disclosure of allocation amounts, which it will present to the associetion's board at the end of the month.

One suggestien is that commandation is that commandation, the committee is concerned to stamp out the last specific investors—

In particular, the committee in July, but some market participants believe it is still cipants believe it is still cipants believe it is still example to farranging deats en a night present in injuly, but some market participants believe it is still cipants believe it is still example to farranging deats en a night present in its last been arranged on this basis been arranged on this basis been arranged on this basis since tha IPMA recommendation in July.

Japan's banks try to enter broking overseas

in banking.

A meeting of the 12 biggest rommercial banks, other than the Bank of Tokyo, decided over the banks in the Bank of Tokyo, decided over the banks in the Bank of Tokyo, decided over the banks in the banks in the banks in the securities houses, aheuld the securities bouses, aheuld the securities bouses, aheuld the securities bouses, and the securities bouses of their own in Japan.

The issue has been brought to a head by the banks have been seeking now in train by the big feur.

Nikko and Yamaichi are still business; in housiness; and Yamaichi are still business; business; business; business; business; business will seek permission for their overseas brokerage open represented by the banks glidustry; business in the banks glain the new challenge presented by the European universal banks, banking and accurities business, which are arriving in the Japanese market.

Late last month the mind-action Law is closely modelled stry's banking burean turned down the suggestion that the banks abould be allowed to open represented by the Curopean universal banks, will seek permission banks will seek permission for their overseas brokerage subsidiaries to open represented by the Curopean universal banks, which are arriving in the Japanese market.

Late last month the mind-action Law is closely modelled stry's banking burean turned down the suggestion that the banks abould be allowed to open represented by the US banks' attempts to move towards securities business, which are arriving in the Japanese market.

Late last month the mind-action Law is closely modelled.

Add to the profitability of the banks will seek permission the banks will seek permission the banks will seek permission the banks will seek permission.

Help Japanese institutions fight back against the new challenge presented by the US banks' attempts to move towards securities business, which are arrivings in the Japanese market.

Late last month the mind the banks action Law is profit to permission the banks will seek permission the banks will seek per

JAPANESE COMMERCIAL Japanese socurities houses for banks are putting in a renewed UK banking licences. Nomura of Finance for their own off-bid for brokorage licences in linternational Finance, a fully-shore brokerage subsidiaries to sensulties in the course of their efferts shoused the unusual postion of supporting the ambitions of the unusual postion of the unusual postio of the securities houses to while applications by Daiwa, expand their interests in Nikko and Yamaichi are still

Japanese domestic securities business;

the banks will seek permission

Bank chief warns over financial innovation

BY JOHN WICKS IN LUCERNE

MR PIERRE LANGUETIN, president of the Swiss National rather than from real need," he Bank, has called for a "period of consolidation" in connection with new capital market instruments.

Addressing the Swiss Bankers' Day in Lucerne yesterday, he expressed concern at the speed and scope of financial innova- currency issues to zero bonds. The national bank believed to find equilibrium freely and spontaneously, he said.

The bank had, therefore, world, it is the duty of financial market instruction in and disquieting than when the called every latest fashion.

This was the case when the expressed concern at the speed and scope of financial innova- currency issues to zero bonds. that under normal economic tion still in force was that

Day in Lucerne yesterday, he capital market jumped from one risks."

expressed concern at the speed wogue to another—"from dualand scope of financial innovation over the past few years, from there to bull-and-bear conditions its monetary policy governing the make-up of issue could be successful only—if syndicates, which the bank felt money and financial markets should be retained

stered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

New Issue / September, 1986

U.S. \$276,330,000

GMAC 1986 Euro-A Grantor Trust

71/4% Asset Backed Certificates. Series 1986 EURO-A

General Motors Acceptance Corporation Seller/Servicer and Limited Guarantor

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Banque Nationale de Paris

Bayerische Vereinsbank Aktiengesellschaft

DFC Overseas Investments Limited

Kidder, Peebody International Limited Mitsul Finance International Limited PaineWebber International

Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited

All of these Securities have been sold. This announcement appears as a matter of record only

\$750,000,000

System Energy Resources, Inc.

\$300,000,000 First Mortgage Bonds, 9%% Series Due 1991 \$250,000,000 First Mortgage Bonds, 10½% Series Due 1996 \$200,000,000 First Mortgage Bonds, 11%% Series Due 2016

Interest payable March 1 and September 1

MORGAN STANLEY & CO.

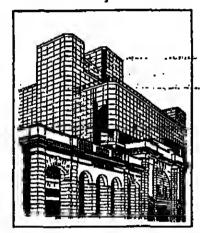
THE FIRST BOSTON CORPORATION

MERRILL LYNCH CAPITAL MARKETS

SALOMON BROTHERS INC

September 24, 1986

SALOMON INC



WE ARE PLEASED TO ANNOUNCE THE OPENING OF OUR NEW INTERNATIONAL HEADQUARTERS AT VICTORIA PLAZA

ON MONDAY, OCTOBER 6, 1986

Salomon Brothers International Limited

VICTORIA PLAZA, 111 BUCKINGHAM PALACE ROAD, LONDON, SWIW OSB

MAIN NUMBER TELEX
FACSIMILE
CAPITAL MARKET SERVICES CORPORATION COVERAGE CORPORATE FINANCE

EQUITY SALES & TRADING FLOATING RATE NOTES/ MONEY MARKETS FOREIGN EXCHANGE 721-3665 721-3165 **GILT SALES** GOVERNMENT SALES 721-3855

721-3566 721-3185 721-3270 721-3282 721-3145

MORTGAGE FINANCE 721-3808 MORTGAGE SALES 721-3134 **NON-DOLLAR SALES** 721-3145 SETTLEMENTS SYNDICATE: FIXED INCOME EQUITY

721-2015 721-3625 721-3500

appears as a matter of record only.

These securities have been sold outside the United States of America and Japan. This as

NEW ISSUE

3rd October, 1986

DnC

Den norske Creditbank

¥20,000,000,000 8½% Notes Due 1991

Issue Price 114¼ per cent.

Nomura International Limited

Daiwa Bank (Capital Management) Limited

INTL. COMPANIES and FINANCE

Telefonica seeks to sell stake in cable venture

SPAIN'S semi-state Telefonica group said yesterday it was seeking to sell its 49 per cent stake in a joint cable-making venture - Cables de Cable of the US.

The move is part of a new policy at the Spanish telephone monopoly towards its industrial holdings of well-established companies.

Last month, Telefonica confirmed it was holding talks with L. M. be offered for sale to private share-Ericsson of Sweden on pulling out holders in what Mr Claudio Aranza-

municaciones were set up in 1970 under a policy to create second sources of supply for Telefonica alongside the ITT subsidiary Standard Electrica.

Hero to buy Unilever fruit

products unit

By John Wicks in Zurich

NEW ISSUE

draw as a direct minority shareholder in Standard Electrics as part of its plans to participate in the new European telecommunications venture being set up between CGE of France and ITT.

Cables de Communicaciones, which is based in Barcelona with a continuing to participate in new factory in Saragoesa, has annual ventures while hiving off interests sales of Pta 6bn (\$45m). company based in Majorca are to

friesson of Sweden on pulling out of Intelsa, a company producing discharges and other equipment, in which the Spanish partner holds 49 per cent.

Both Intelsa and Cahles de Communicaciones were set up in 1970 under a policy to create second disaid no further plans had been controlled as a policy to create second disaid no further plans had been controlled as a company producing discharges in what Mr Claudio Aranza-diagrams what Mr Claudio Aranza-diagrams what Mr Claudio Aranza-diagrams of the INI state holding concern, described as a pilot project for the wide-ranging group. This form of partial privatisation may later be extended to other INI subsidiaries. However, Mr Aranza-diagrams of the INI state holding concern, described as a pilot project for the wide-ranging group.

Telefonica also wants to with- pation in Gas Electricidad, held raw as a direct minority sharehol- through the Endesa Electricity

fer 300,000 are reserved for employ-ees of Endesa.

As a result of the Pta 8.3bn (\$62m) operation, the state's partici-

Lauritzen predicts loss

LAURITZEN, the Danish shipping, shippingling and industrial group, predicts a substantially larger loss this year than the DKr 155m (\$7.3m) loss of 1985. The group's first-half statement said earnings were "modest."

The group has suffered from fall.

HERO Conserven Lenzburg, the Swiss food processing concern, is to acquire the Dutch company Konin-klijke Maatschappij de Betuwe. De Betuwe, a Unilever subsid-iary, is a manufacturer of jam, fruit The group has suffered from fall-ing activity in offshore business and several of its drilling rigs and

production vessels are unemployed.
Its three Danish shipyards will also make a loss as a result of slack orders, while the Atlas food process-Zinc price hits Vieille

fruit products.

The planned takeover is seen as strengthening the position of Hero's existing Dutch subsidiary and enabling the Swiss group to expand its sales within the European Community. Hero Nederland also produces jams, preserves and fruit drinks. VIRILLE-MONTAGNE, the Belgian from BFr 10.7bn in 1985 to BFr zinc mining and processing compa-ny, incurred a loss of BFr 491m Hero will have a workforce of almost 500 in the Netherlands. De Be-(\$11.8m) in the first half of the year compared with profits of BFr 265m in the same period of 1985. tuwe employs 140 and Hero Neder-

land 340 at its Breda operation. Both the Hero and De Beture The company blamed the sharp fall in the price of zinc and a fall in trademarks will continue to exist on the Dutch market. De Betuwe's sales in Germany and Belgium will still be carried out by Unilever.

Company, which in turn is almost entirely owned by INI, is to be re-

The 38 per cent shareholding is being offered at 225 per cent of its nominal value of Pta 3.7bn with the the corresponding 1985 period. minimum investment set at Pta 50,000 and the maximum at Pta 50m. The offer remains open until

Gesa, which supplies electricity and gas in Spain's Balearic Islands, had sales last year of Pta 23.8bn, a payroll of 1,760 and net profits of Pta 952m.

With a 6 per cent private share-holding, it is quoted on the Madrid stock exchange but is due to be quoted on all four Spanish ex-changes. Of the 4.3m shares on of-

7.5hn this year, Vieille-Montagne, controlled by

Union Miniere, the mining arm of Société Générale de Belgique, expects a recovery in the second half of the year because of a gradual recovery in the Belgian franc-denominated in the price of the property of the Belgian franc-denominated in the price of the price o

nated zinc price. A major restruc-turing exercise is beginning to re-

tive development for the remainder

Delhaize's other US subsidiary, Food Lion, increased net earnings

ENERGY RESOURCES & SERVICES INCORPORATED

\$7.68 per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENT INC.

Net Asset Value 30th September 1986 \$4.68

All these securities having been sold, this unnouncement appears as a matter of record only.

September, 1986

Koyo KOYO SEIKO CO., LTD.

U.S.\$70,000,000

31/4 PER CENT. GUARANTEED NOTES DUE 1991 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF KOYO SEIKO CO., LTD.

unconditionally guaranteed as to payment of principal and interest by

The Kyowa Bank, Ltd.

ISSUE PRICE 100 PER CENT.

The Nikko Securities Co., (Europe) Ltd.

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Crédit Lyonnais Goldman Sachs International Corp. Lloyds Merchant Bank Limited **Prudential-Bache Securities International** Shearson Lehman Brothers International Westdeutsche Landesbank Girozentrale

turnover improves by 3.4%

Delhaize

DELHAIZE, the Belgian retailer said turnover in Belgium, excluding petrol stations, rose 3.4 per cent to BFr 38.9bn (\$942m) in the first eight months of 1988, from BFr 37.8bn in The revenue increase was below

forecasts. Revenue from petrol sta-tions was not included because Delhaize last year sold 38 stations to the Benelux subsidiary of Mobil Oil of the US. Delhaize said operating results

matched those of the first eight months of 1985. The company declined to disclose details of its results but gave indications about its activities in the US.

The US holding company, Delha ize the Lion America, completed the ine the Lion America, completed the sale at the beginning of September of its loss-making subsidiary, Food Giant, to Super Valu Stores, a wholesaler with some retail outlets. As part of the agreement, the Cub Foods division of Food Giant has been spun off into a new company. Super Discount Markets, 80 per cent owned by Delhaize the Lion America and 20 per cent by Super Valu.

Atlanta, Georgia. Two Cubs Foods stores have already been opened and a third will be opened later this

in the first 36 weeks of 1986

Net Asset Value 30th September 1986

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FINANCIAL TIMES SURVEY

Tuesday October 7 1986

Metals

Recession has squeezed the metals industry hard, forcing producers to cut costs sharply. For the stalwart it is a case of hanging on until prices start to rise again

oldest and grandest US copper companies, last month virtually turned its back on the industry.

turnover improve by 3.4%

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It announced plans to give np 80 per cent of Magma Copper its Arizona subsidiary, in a free band-out of shares to its share-bolders. Once the jewel in Newmont's crown, Magma had become too great a burden for the group to keep.

The proposal is only the latest sign of the persistence and depth of the recession which has gripped the metals industry aince prices tumbled from their all-time peaks in 1980-81.

For many base metals and mining companies and for metal traders, the 1980s has been a decade of depression. The initial belief that the fall in prices was only a temporary reaction to economic recession in industrial and controlled to the second in industrialised countries in 1981-82 has given way to a widely-held conviction that it could be 1990 if not later before prices recover significantly.

Mr Allen Born, chairman and chief executive of Amax, says:
"We have to bang on until
things pick up." The US molybdenum company, which was at
the forefront of the beadiong
expansion of the industry in
the 1970s, is now one of the

A time for consolidation

BY STEFAN WAGSTYL

over consumption in most world was threetened witnesses which affects everybody. Shortages of raw materials. most world was threetened with The crisis in the tin market has been only the most dra-matic illustration of producers' inability to control prices. The fundamental cause of the International Tin Council's collapse was the overwhelming pressure of too much supply in the tin market feeding too little

Even low-cost producers, who Even low-cost producers, who have avoided planging into loss, are not making the profits in real terms that they did in the 1970s. The question that hase metal companies are asking is how long will they have to wait for the market to improve? Or have prices stabilised at a level from which significant long-term movements should not be expected?

the forefront of the beadlong expansion of the industry in the 1970s, is now one of the leaders in cutting costs and ontput in order to survive.

To be sure, North American companies operating in a highwage, high-cost economy have been hit harder by the recession than producers in developing countries, the cut backs in the mining industry in industrialised countries bave been offset by expansion elsewbere. But that is not price increases. The two oil the whole story. There is an excess of production capacity force the argument that the specular in the introducers in the price increases. The two oil they she price increases.

for another industrial companies, anxious to reduce inventories at a time of high real interest rates, have also

Equally, metals consumption in industrialised countries has steadled and may grow, albeit very modestly. Producers have learnt to live with the face that the growth in metals consump-tion in industrialised economies will tend to fall short of economic growth for three

largely abandoned the market.

shortages of raw materials.

An International Monetary
Fund study, published earlier
this year, shows that the longterm trend in real commodity
prices in US dollar terms is
down, albeit slightly. In metals
the declines are more marked:
from 1960 to 1965 the price of
copper in real US dollar terms
fell 38 per cent and that of
aluminium fell by 25 per cent.
Zinc prices rose by just 10 per Firstly, edvanced economies are growing fastest in sectors like high technology which do not need as much metal as traditional sectors. Secondly, processing improvements mean that metal-consuming industries use less material than in the for example. Finally, other materials have been substituted

In this context, 1980-85 looks In this context, 1980-85 looks like a period when prices have dramatically adjusted them selves to the weakening of the forces which powered the market in the 1970s—a decline in expectations of economic growth and of inflation. Expected shortmetric studies show that all these trends are slowing down that most of the available savings in metal consumption in industralised economies have already been made.

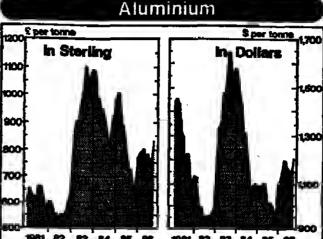
More important. Mr Heinz Schimmelbusch

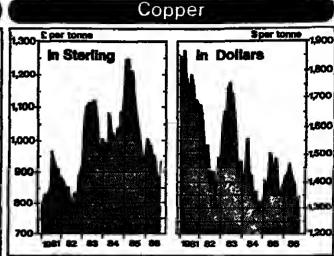
and of initation. Expected shortages of raw materials have
simply not materialised.

The decline in dollar prices
was aggravated in the early
1980s by the sharp appreciation
of the dollar on foreign exchange marksts. In terms of
other currencies the decline in
metals was less rapid but no
less persistent. More importantly, there are prospects of some recovery in demand in developing demand in developing countries. Producers have learnt to their cost not to hank on spectacular growth in these nations, especially if they have run up large international about Their accounting progress. debts. Their economic progress can be very uncertain.

less persistent.

But there are signs that the worst may be over that if base metal prices do not increase they should not decline further. For example, China which in-creased imports very sharply in







year cut back hard to save foreign exchange. But the economic recovery of Brazil optimism about the Third
World market.

the largest mines and smelters, among them Bingham Canyon, near Salt Lake City, the world's biggest copper mine. As a result current production has been brought broadly into line with consumption Indeed, sometimes almost forgotten fears of tem-porary shortages re-emerge. For example, zinc prices have risen strongly this year as a result of labour troubles at the Broken Hill mine, in New South Wales,

closed down permanently and bow much might be re-opened if prices recover. Kennecott's Bingham Canyon is in the early stages of a \$400m cost-cutting modernisation. British Petro-leum, which owns Sohio, Kennecott's parent, recently tightened its grip on its US businesses it may well take the chance to review the Bingham Canyon

Scheme.

Shearson Lehman Brothers, the metal brokers, estimated that capacity ntilisation in the copper industry was running at 80 per cent in 1985 in western countries.

For alterinium the Source was For aluminium the figure was 83 per cent, for nickel 76 per cent, and for tin 71 per cent, Only in zinc—88 per cent utilisation—was capacity close

western world copper mine capacity is likely to increase by 698,000 tonnes net by the end of 1989 to 8.98m. And that does not include Escondida, the rich Chilean deposit in which RTZ bas a stake and which capild come or stream in 1960. could come on stream in 1990.
Striking a balance between openings and closures, Metals and Minerals Research Services,

London research company, recently forecast that base metal prices should rise by 20 to 25 per cent in real terms by the end of the decade, Although prices would still be some 25 per cent below their 1980 peak. the increase should make a sub-stantial difference to bardpressed metals companies, said MMRS.
Other forecasters are less

available at lower prices. The North American companies have led the way—Inco in nickel, for example, and Phelps Dodge in copper—but other pro-

Dodge in copper—but other producers have followed.

Moreover, as mines smelters and refineries continue to close, bowever slowly, in high-cost industrialised economies they are being replaced mainly by new operators in low-cost countries.

Thus, there may be no immediate prospect of sustained price increases. But the industry is consolidating in a more flexible and more efficient base than it and more efficient base than it occupied five years ago. Producers look in a better position to profit in the 1990s than they

have done so far in the 1980s.

Mr Norman Fussell, a director of the hard-pressed Australian mining group MIM Holdpositive. They say that apart lian mining group MIM Hold-from the continuing excess of capacity, the substantial steps producers have taken to cut costs mean that more metal is 20 or 50 years out."

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London Metal Exchange

Trading reform debate goes on

Metal Exchange, would have dearly loved to give the market's annual gathering of traders and clients this week details of the future form of his

But the truth is that the LME. which is in the throes of its greatest upheaval in its 109-year history, cannot say for certain what its market will look like in over whether the market can be six months' time. In some areas the broad outlines are visible but in others they are still a matter for intense discussion hoth in the market and outside

The LME is locked in negotiations with the Securities and Investments Board (SIB), the embryonic body established by the Government to oversee City

The difficulty is that LME departures.

has heen propelled towards change by a number of separate and sometimes conflicting influ-

pressures created by the tin crisis, after the default of the International Tin Council last October with debts of £900m to banks and metal brokers. Apart from the financial losses, brokers have to cope with a number of court actions which hang over individual companies and the exchange anthorities.

The loss of seven members since last summer, leaving the LME with 21 ring-dealing companies, underlines the importance of maintaining e market that is efficient, liquid and profitable. The exchange cannot afford too many more

strengthened by changes to trading rules to prevent such e

ever occurring

But even before last October, the profits of exchange members had been under strain because of the continuing depression in

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Trading floor of the London Metal Exchange

orld metal prices. The LME had also come under scrutiny from the Bank of England and the Department of Trade and Industry which were orchestrating the Government's plans to reform the regulation case among City commodity

markets.
The negotiations are inevitof City markets. The tin crisis made it much more difficult for the LME to resist demands that the LME to resist demands that it should replace its unique principal to principal trading system, where brokers deal with each other directly, to a system with a clearing house, which would act as intermediary in deals and, according to its supporters, reduce trading risks. After much heart-searching the LME has agreed in prin-

At the same time, the LME is busy with plans for adminthe LME has agreed in principle to reform treding. It has started talks with International Commodities Clearing House, a bank-owned company which already clears trades on the London Commodity Exchange London Commodity Exchange and several other markets.
However, no contracts can be signed until the LME settles with the SIB what kind of clearing house system it is to have.
The SIB has not said publicly what it wants. But it is understand that it resuld he have a series of the six and the six

what it wants. But it is under-stood that it would be happiest with a US-style exchange in which the broker has to treat each client's accounts separ-etely, laying off the risk in full through the clearing bouse. The LME is arguing against this fully-cleared system and in favour of a system where in favour of a system where each ring-dealing broker can offset one client's position against another's, laying off only the net risk through the clearing house.

Mr Michael Brown, LME chief executive, says that the "segregation of accounts" is the most important issue divid-

in precious metals spilling over into base metals.

The LME hopes that a planned siuminium contract quoted in US dollars will boost usiness when it is launched next year.

the most important issue dividing the LME and the SIB,

To meet the Government's concern about investor protection, the LME has proposed a compromise under which only trade clients (which account for the bulk of the business) should be allowed to deal directly with LME ring-dealing members. Private investors would have to deal through an intermediary—an independent company or a ring-dealers' subsidiary—which would segregate accounts as the SIB wants. Brokers say they can face Brokers say they can face the difficulties of trading in depressed markets. But they hate the uncertainty over the exchange's rule-book. Mr Brown says: "On the trading side we are doing all right, I think. But on the regulatory side it still looks difficult."

Stefan Wagstyl



The SIB's response to this proposal is not yet known. But, it could well be wary about treating the LME as a special

ably delaying the implementa-tion of the clearing system which was originally meant to be introduced in January. Mr Brown says that March is now the probable date.

istrative reform which involve replacing the current co-opted board and elected committee, which share power in an ill-defined way. The exchange has asked its members to comment asked its members to comment by the end of October on a highly-critical report by Price Waterhouse, the accountants, which recommends creating a directly-elected supervisory board with executive responsibility and a partly-elected council which would set strategy. It also urges strengthening the LME's secretariat by appointing a deputy to tha chief executive.

LME officials and senior brokers privately expect that the hulk of Price Waterhouse's proposals will be implemented. With the debates about reform ringing in their ears

With the debates about reform ringing in their ears brokers are trying to concentrate on trading metal once again. After a bull in activity in the wake of the tin crisis trade has recovered modestly since the summer. Brokers say that September was a particularly active month with the rally in precious metals smilling over

Comex

Investors stay away

OFFICIALS AT New York's Comex, by far the largest US base metals terminal market. must be casting envious glances ecross the World Trade Centre et rival Nymer's crowded oil and platinum trading pits.

While some of the excitement in platinum has rubbed off on Comer's important gold contracts, copper and aluminium volume on the exchange has remained disappointing. With world market prices for both metals still historically low there is still lived indices. low, there is still little indication of any reversal in the investor exodus away from base metals to livelier commodities. Prospects of a sustained na-turn without a corresponding increase in price and volatility

therefore appear remote. Steadily increasing volume on the exchange's fiedgling copper options contract nevertheless optimism. Meanwhile, exchange officials also believe that plans to raise the premium for metal quality on copper futures, as e possible prelude to launching a new high grade contract, will attract more material to exchange warehouses and boost overall confidence in the market commencing January.

however. In the January-August period, copper traded 1.38m contracts (down 22 per cent on a year ago), while aluminium trades totalled just 47.381 (down 17 per cent).

"We are hoping that the new premium structure will more adequately reflect the physical market," says Dr Terence Mar-tell, e Comex senior vice presi-dent. He estimates that trada hedging now accounts for some 40 per cent of the exchange's copper futures business.

Dr Mariell regards the expected build-up in stocks and liquidity which the premium changes should engender as changes should engender as with to any future attempt to introduce a fully-fledged copper high grade contract. Application for approval of such a contract is pending with the commodity futures trading commission (CFTC), the US futures industry watchdog.

Comex's cautious approach to npgrading was to a degree vin-dicated by the ill-starred June launch of a high grade copper futures contract by the Mid-america Commodity Exchange, the lossmaking affiliate of the

By end-July, aggregate volume had struggled to just 1,387 contracts—of which 786 were traded on the launch date itself. Latterly the contract has been all but traders.

Observers have blamed the contract's pelpable failure to catch on, despite its thoughtful and innovative specification, on the difficulty of building satis-factory liquidity during a period of unfavourable underlying market conditions.

ket conditions.

Comex officials meanwhile appear sbort of Ideas on how to transform the exchange's struggling aluminium futures contract into a strong competitor for the London Metal Exchange's still ailing hut dominant product. No further specification changes are planned, officials state, aithough they stress that this is not indicative of any reduced commitment to aluminium on their part.

The LME's apparent plan to

The LME's apparent plan to introduce a dollar-demonimated aluminium contract perhaps as soon as March 1987, will Dr Martell believes, result in "a net plus" for Comex due to

Volume in both copper and Chicago Board of Trade, the greater arbitrage possibilities. aluminium futures is down substantially on year ago levels, exchange. consumers started to price con-tracts basis Comex," he added. Just as many soft commodity options contracts in Chicago and elsewhere are gaming ground despite volume declines in underlying futures contracts. so copper options turnover on Comex has steadily increased since the product's launch on April 7.

August, when 14,543 contracts were traded, was comfortably the husiest month yet. Meanwhile, aggregate April-August volume totalled a promising 51,704 with end-August open interest standing at 13,059.

The immediate task now con-The immediate task new confronting the exchange is to expand options participation beyond the traditionally receptive merchant and trading floor communities to the physical trade et large. While exchange officals pronounce themselves generally satisfied with liquidity over the early months, they are equally well aware that the contract's success is still in the tract's success is still in the

David Owen

Aluminium

Output 'deficit' likely to continue

"I WOULD not have the remotest idea what to tell you." Mr Charles Parry, chairman of the hoard and chief executive officer at Alcoa, the biggest aluminium company in the US, is disarmingly frank when asked about the likely price of aluminium next year.

The these uppredictability of World production of primary aluminium North America (including others) Western Europe Ada (including others) 5,607 789 3,721 1,331 483 535 12,466 4,563 2,304

The sheer unpredictability of the aluminium business and the Oceania
Non-socialist world total
Socialist countries Oceania continuing relatively low price of the metal despite recent rises on the London Metal Exchange

still has parts of the industry scratching its head after seve years of removing older and excess production capacity around the world. Output continues to be below consumption hut one of the key elements in the supply price.

equation is that stocks of alu-minium have been gradually eaten into. Aluminium pro-ducers and fabricators and the people to whom they supply have all become used to manag-ing lower stocks than they would some years ago. Primary aluminium stocks are now less than 19m tonnes.

tion of aluminium last year was estimated at 12.5m tonnes hy the Commodity Research Unit, the metal analysts. Pro-duction was estimated at 12.24m

Consumption has been rising expand capacity at just 1 per at 2 to 3 per cent in recent cent a year and this would be years—a growth rate that inedequate by the mid-1990s. has now become a fact of life The world would need four Consumption has been rising for an industry used to yearly more smelters than are being demand rises of three to four planned at the moment.

World total Source: WBMS, IPAI, Sheerson estima times that back in the 1970s and no one expects this pattern of growth to change very much. That would put consumption at about 13m tonnes in 1987.

Theoretically there are large amounts of growth potential. Mr Jan Hommen, Alcoa's treasurer, points for example to the 65 lb per head consumption in the US as against 15 lb in Brazil. He also remarks how-ever that the take-up of alu-minium in newly industrialised or Third World countries is pitifully slow.

There is widespread agree-

over and under expacity are tending to get shorter than the characteristic three to four year periods the industry has been

This year CRU is predicting consumption at 12.7m to 12.8m tonnes and production at 12.4m tonnes, maintaining the production "deficit" of the past two years.

There is less agreement, newstand for new smelters. Analysis for new smelters. Analysis tonnes, maintaining the production "deficit" of the past two years. There is less agreement, how-

8.621

Much of the rest of the indus-try is not so sure, pointing to the unpredictability of price and consumption. Two trends will definitely contime however. Older produc-tion capacity will continue to be shot down as other capacity,

higher value edded engineering of aluminium, and diversifica-

of sales.
Alcoa worldwide has a target to get its dependence on alu-minium down to 50 per cent from its present 85 per cent.

year has progressed.

five-year average.

Once again, the Broken Hill situation has been the major factor. As a result of the strike there, production has been severely reduced at Australia's.

severely reduced at Australia's only primary lead smelter, the big 250,000 tonnes per year capacity Port Pirle facility. Latest estimates suggest that 1886 output at the plant will total no more than 157,000 tonnes, compared with 200,000 last year and e 216,000-tonne five-year average.

US lead production is also running well below year-earlier levels at 293,500 short tons in the January-August period, 92,000 short tons below the corresponding 1285 figure. This is partly due to the temporary end-May shutdown of the 140,000 short tons per year Burk place.

end-May shutdown of the 140,000 short tons per year Buick plant now owned 100 per cent by San Francisco-based Homestake

The demise of the domestic

secondary lead sector, now down to 24 operating plants from 40

According to the Commodity Research Unit the everage LME

Research Unit the everage LME cash price for last year was \$1,041 and this year is expected to be about \$100 more.

The price rises registered in the first balf of this year appeard to have been tha result of an improving supply and demand balance and the beevier resolutions of a sufficiention of purchasing in anticipation of strikes among US aluminium producers which duly happened in the summer.

Overall, bowever, aluminium overall, however, aluminum prices have been disrupted hy increasing use of options trading on the London Metal Exchange and the Commodities Exchange in New York in which options to buy and sell et e quoted price and time, are purchased but with discretion whether to exercise them.

shut down as other capacity, close to cheap energy or bauxie
supplies or both is opened up in the fall next year. Mr John
Australia; South America, Pither, outgoing president of Canada and the Middle East.
The rate of closures though believes that over 1986 and next will be slower than in the past year, the price of aluminium six years or so during which some 20 smelters have shut, Im tounes of capacity has been taken out of the US and the Jepanese virtually got out of the basic aluminium business.

The other trend is towards higher value edded engineering of aluminium, and diversification on value rather than cost with

on value rather than cost with of aluminium, and diversification. Mr Pat Rich, vice president
for the European operations of
Alcan Aluminium of Canade
said recently that he would like
to see his operations' dependence on aluminium fall from its
present 94 per cent of turnover
to no more than three-quarters
of sales.

on value rather than cost with
premiums for high quality
aluminium. If a fabricator
wants the best they will really
have to pay for it," he says.

Many analysts are predicting
much smaller fluctuations in
price than the industry endured
in the mid 1970s and early
1980s because there appears to be few large energy-related "shocks" in store.

Nick Garnett

Zinc and Lead

Stoppages give a boost to prices

ON THE FACE of it, the world's lead and zinc producers should be well pleased with market developments during the year so

Since April, the benchmark European producer price for zinc has climbed steadily from an ahysmal \$670 a tonne to a more satisfactory \$920. Mean-while, US prices, at a premium to Europe for much of the year, have risen as high as 47 cents a pound from 30 to 35 cents in February. US lead prices have increased from around 17 to 24 cents a pound over a similar

On the London Metal On the London Metal Exchange, cash zinc prices are firting with the £600 a tonne mark for high grade material, having stood a little over £400 in February. Cash lead, meanwhile, looks reasonably firmly underpinned at some £280 a tonne, having briefly broken through the £500 barrier in 1 me.

Cautious producers will not exactly be popping the cham-pagne corks just yet, bowaver. Not only do prices remain et historically low levels; most of this year's increases can be traced to short-term supply disruption. Evidence of the type of demand improvement or per-manent supply cutbacks, which

definitely resolved.

definitely resolved.
Workers at the Broken Hill
lead/zinc mines, owned by
Australian Mining and Smelting
and North Broken Hill Holdings and responsible for 30 per cent of the country's zinc production, struck for almost two months from May 26.

Currently, miners are back ere frequently derived from the at work, pending e ruling by same orebodies supply side distinct New South Wales Industrial ruptions have similarly revived.

Commission. However, if the lead's alling fortunes, as the NSWIC's eventual recommenda-year has progressed. tions regarding work practices do not meet with union epproval, further industrial action is a distinct possibility action is a distinct possibility
after a management-union
meeting set for October 22. In
1985, Broken Hill produced
201,000 tonnes of sinc concen-

Meanwhile, 600 workers at Meanwhile, 600 workers at Moranda's buge 200,000 short tons per year Valleyfield smelter in Quebec remain on strike, having initially walked out upon the expiration of their old labour contract at midnight on June 4. (Their action prompted an immediate rise in the EPP to \$800 a tonne on June 5.) Ropes of an imminent settlement appear to be receding with little indication of a compromise initiative on either side. Zinc market tightness has bean further exacerbated by a series of additional cutbacks and

trates.

Analysts, such as Mr Stephen Briggs, of Shearson Lehman, have consistently widened their 1986 supply demand deficit forecasts during the course of the year. Mr Briggs is now expecting the deficit to total 140,000 tonnes.

stoppages in Peru, Honduras, Spain, West Germany, France

tonnes eccording to the European Zine Institute down over 37 per cent from a year earlier.

majent supply cutbacks, which might bolster price levels on a medium- to long-term basis, remains scant indeed.

The two stoppages which have undoubtedly done most to boost zine prices are those at Broken Hill in Australia and Valley-field. Canada. Neither is yet refined output still marginally admittedly resolved. out-stripping consumption at 2.45m tonnes, stocks are nevertheless falling markedly. End July Zine stocks in the western world stood et 325,000

Inevitably, since the metals

a few years ago, has also been Overall, first half western

world lead mine output was world lead mine output was down 104,000 tonnes from corresponding 1985 levels at 1.15m, according to ILZSG. Refined production also fell by 50,000 tonnes to 1.95m.

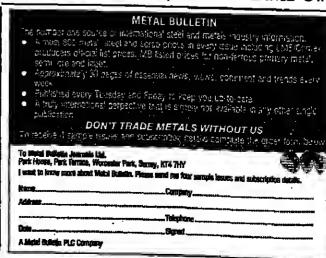
Although stocks dropped only marginally to 268,000 tonnes, US inventories are at their lowest level since March, 1985. This raises the distinct reseiver.

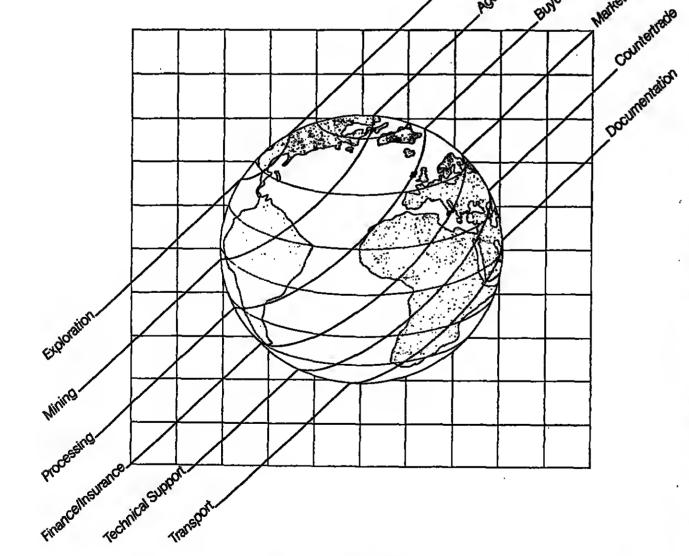
This raises the distinct possi-bility of e further US-led bull phase for lead in the run-up to the year end, particularly with US battery inventories reported at their lowest levels for four

A more ebiding shot in the arm may be afforded, however, by the effects of the concentration of US primary capacity into fewer and fewer hands. After the withdrawal of Amax from the lead factor with the sale of its half share in Buick to partner Homestake earlier this year, a possible merger between Homestake's and St Joe's Missouri lead operations years. Joe's Missouri lead operations is now under review.

This would leave only Homestake-St Joe and Assarco in the US primary lead sector.

David Owen





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WAS TEN

prices

THE WORLD'S copper prounder way for the exploitation off in the US and Japan. Last
The reaction in the market,
ducers are gritting their teeth of huge new copper deposits in
and preparing for a long period

Chile and elsewhere which will

And the proper much of the year by expectamuch of the year by expecta-

In the past year or so, fore-cast after optimistic forecast for increasing demand, which might eventually lead to some-thing resembling a significant price recovery, has had to be scaled down back or put off.

The traditional cycle of price although prices have been aluggish for some time, the full extent of the gloom has para-doxically only emerged in the past 18 months or so. Conven-tional wisdom argued during the early 1980s that the low a reflection on the abnormal a reflection on the abnormal

scaled down back or put off. The traditional cycle of price booms and slumps appears to have been distorted almost beyond recognition as the slumps get longer and the "booms" more besitant.

A metal which is normally acutely sensitive to oscillations in the business cycle, because of its importance to industries like electronics, construction and transport, has largely failed to react to the steady economic expansion in industrielised countries since 1983.

Even the production shortfalls of 1984 and 1985 have done nothing to lift the mood, since industry has learned to live with unusually low levis of stocks. Instead, the pressure has been unremittingly downward as mining companies have slashed costs in order to stay in husiness.

Many analysts and experts

distorting effects on the copper market, as in ether metals: it encouraged producers other than in America to expand and consumers either to reduce the amount of metal they used or find alternative materials.

in husiness.

Many analysts and experts believe the going is not going to get any easier until well into the 1990s: preparations are squared as economic growth slackened in 1985, the labour unions agreed to as economic growth slackened swingeing wage reductions.

swell world supplies at ever prices averaged 65.6 cents per tions of a wave of strikes in pound, a rise of only 3 per cent able: prices all too predictions of a wave of strikes in pound, a rise of only 3 per cent able: prices plunged below 60 sluggish for some time, the full The fact is that the strength of the US currency for most of the early 1980s had multiple distorting effects on the carrier of the carrier of

More significant for the long-term future are the counter term fitture are the counter-cyclical investment plans of mining giants like Broken Hill Pty and Rio Tinto-Zinc. Un-deterred by current prices, for example, Chile is expanding production at most of its facili-ties, lowering its unit costs.

ties, lowering its unit costs.

For the 1990s, new seams are to be tapped, such as La Escondida — believed to be the world's largest and richest unexploited copper deposit. What is more, a relatively tight ceiling is being kept on the market by the prospect of heavy hedgeselling by producers and by the large amounts of mothballed excess capacity that could come back on stream if there were a sustained recovery in prices.

For the fereseeable future, therefore, with demand jogging along at an unspectacular pace, only a major disruption of sup-plies seems likely to have the capacity to raise the market from its torpor.

Andrew Gowers



Traumatic transition

IN THE final months before

IN THE final months before the increase experies are year. In Pieter de Koning warned the International Tile Company and year. With tin above 83,500 a tonne. Countries and tin above 83,500 a tonne. With tin above 83,50 In Sterling

Non-Communist nickel market

1.220

Changes in producer/LMB

inventories

— 20

Nickel

Weakness continues

THE NICKEL market has steelmakers keep a close eye on stubbornly failed to respond productivity, thus resulting in to producers' predictions of less nickel being used for each supply shortages, rising demand and falling inventories.

The steel industry is also

"We believe," Mr Charles
Baird, chairman of Inco, the non-Communist world's biggest producer, said in New York last July, "that the market for nickel is reasonably tight, that there is relatively little spare capacity readily available and that prices should reflect the level of demand."

But Inco. waster.

But Inco, which supplies about 30 per cent of non-Communist demand, has seen its Communist demand, has seen its realised price drop from U\$2.37 per ib in the first half of 1985 to U\$\$2 per Ib this of 1985 to U\$\$2 per Ib this year. The free market price had sagged to around \$1.70 in mid-September from over \$2 in sales and higher purchases by the early part of 1986. Inco's finished nickel inventories rose finished nickel inventories rose that the sudden improvement in from 76m lbs to 98m lbs between March and July.

A surge in Russian shipments during the second quarter and disappointing US consumption help explain the continuing weakness of the nickel market. One trader suspects that eastern hior shipments will be closer to 60,000 tons this year than the 30,000 tons initially expected.

Those hoping for stronger prices may also have underestimated a number of structure of structure and the prices may spill over into the nickel market one of these days.

Falconbridge, the other major Canadian producer, is less certain. A Falconbridge of sittle more pragmatic. Until we see movement in price, it's hard to get excited about nickel."

One sign of Falconbridge's caution is its request to 2,000 workers at its main operations

estimated a number of struc-tural changes in the nickel market. Stainless steel makers, who buy about half of total nickel cutput, appear to be raising the proportion of scrap metal used in their production

Wastage is being trimmed as some producers out of business.

expectations lately, the drop in the dollar has pushed nickel prices down to unusually low levels in terms of strong curren-Optimists also cross fingers that the sudden improvement in gold, platinum, zinc and other metal prices may spill over into

workers at its main operations near Sudbury, northern Ontario, to consider further moneysaving measures, including wage cuts and a longer workday. A major imponderable in the nickel market is the extent to which current prices will drive

While the price is now below the cash costs of some pro-ducers, about 40 per cent of non-communist capacity is shielded from market discip-lines by government support.

1986 (estimate) 1,260

1985

Some producers have begun to cut back. Casualties in the past 15 months include Kavardarei in Yugoslavia, the large Philippines producer Nonoc, and Hanna Mining's ferronickel operation in the US state of Oregon. Rumours surfaced in September that a second Yugoslav producer, Kosovo, will halt operations at the end of the seven earlier. operations at the end of the

Question marks hang over the future of Société Metallur-gique Le Nickel (SLN) in New Caledonia and over the Greek producer Larco. Workers at Larco have been asked to accept strict new productivity goals if the operation is to continue.

The two big Canadian producers show no signs of following suit. Inco is widely regarded as the world's lowest-cost producer and has fought aggressively to regain market share after the emergence of producers in Third World and Socialist countries. Like others, and of the decade. falling energy costs.

While it has suspended pro-

duction at some high-cost On-tario mines, Inco has brought the Thompson open-pit mine in Manitoba into production and started mining the Creighton deep orebody in Ontario. Operating costs at Thompson are said to be as low as US\$1.

Despite a sharp fall in sales earlier this year, a Falconbridge official says no new production cutbacks are planned.

In the short term, nickel demand will depend heavily on overall economic conditions in ducers are also looking ahead by trying to encourage new uses for the metal and for stain-

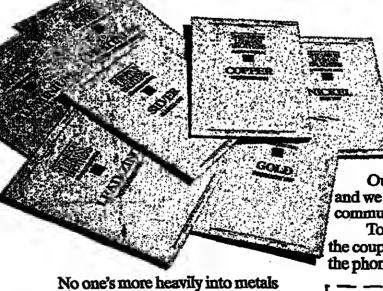
Bernard Simon

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Morgan Grenfell rises to £51m

BY DAVID LASCELLES, BANKING CORRESPONDENT

merchant banking group which have traded as low as 393p.

Commenting on the improved obtained a public listing for its obtained a public listing for its shares in June, reported pre-tax profits of £511m yesterday from the corporate finance side.

the prospectus, and compares with £34m earned in the same period last year. This is equiva-lent to 28p per share, up from 17.8p in last year's first half. However, Morgan's perfor-mance continued to disappoint the stock market yesterday. The group's shares, issued at 500p, closed at 400p, down 3p, though up from the day's low of 395p.

for the six months up to June 30—the first time it has published interim results.

This comfortably exceeds the forecast of £48m made in and investment management and investment in the curportate management in the curportate management and investment management.

Morgan Grenfell, the UK In the last fortnight the shares been made in developing its in it, integrated securities busine Morgan Grenfell Securities by far the fastest-growing com-

and investment management soperations were ahead of budget. Overseas subsidiaries also did well.

The board said it continued to have considence in the outcome of the year as a whole and declared an interim dividend of 3.5p.

With the Time sales team.

Along with its public listing, Securities trading balances on the assets side rose from £128m at the end of last year to £1.1bm at mid-year. On the liability side they rose from £88.5m to £550m. Of the new funds raised, the debt capital has been put into the assets side rose from £88.5m to £550m. Of the new funds raised, the debt capital has been put into the assets side rose from £88.5m to £550m. Of the new funds raised, the debt capital has been put

The balance sheet shows that became a member of the Stock
Exchange in March, and
research teams covering the
major sectors of the equity
market are now in place
together with an experienced
sales team.

Along with its public listing.

3.5p. into the banking business. The with the Big Bang only equity capital is earmarked for three weeks away, Morgan said the securities cide, and about balances in full rather than as "considerable progress" had \$40m has so far been invested a net position.

Stothert's losses rise to £491,000

PRE-TAX losses at Stothert & PRE-TAX losses at Stothert & Pitt, engineer, increased from £312,000 to £491,000 in the six months to June 30 1986, but were lower than the £1,42m reported in the six months to December 31 1985. The group's next set of figures will be for a 15-month period to September 211086.

The directors said that the primary cause for the decline of the company during the last few years had been the shortaga of working capital as evidenced by the high level of borrowings and interest payments.

and interest payments.
Interest payable was £348,000
(£393,000) in the six months
under review. Even allowing
for the disposal of land, borrowings were too high and the company was discussing with its financial advisers the possibility of a capital-raising exer-cise in the near future.

Restructuring had continued, and as part of that programme the company was reorganising dacilities to suit separate product groups. That had enabled it to sell part of the under-used Victoris works in Bath.

As forecast, an improved trading performance was achieved during the second six months, but there was an operating loss of £143,000 (£81,000 profit) on turnovc. down from £17.82m to £15.68m. The unexpected reduction in offsbore oil development fol-lowing the oil price fall affected the company's order position and necessitated a redundancy exercise in May. Those redundancies were the major part of the £486,000 extraordinary debits incurred.

Michael Peters begins pick-up

promotions company generated an unacceptable level of losses

came through at £404,000 (£520,000) for earnings of 6.52p (8.72p) per share. comment

and was sold.

Mr Peters said traditional activities in packaging design, retail design, corporate literaby empire-building chairmen profits of £1.7m, putting the shares at 131p, on a prospective profit of £1.7m.

SECOND HALF profits of \$468,000 were achieved by the Michael Peters Group marketing services consultancy, reflecting the start of a return to traditional levels of profitability.

The directors are holding the final dividend at 1.6p for an unchanged total of 2.6p net in respect of the year ended June 30 1986.

Following the reduction in tha first half, the year's profit showed a cut of 24 per cent, from £82,000 to £875,000, although turnover rose by 44 per cent, from £82,1m to £8.95m.

Mr Michael Peters, chairman, acxplained that the year was transitional. The drop in profit reflected the cost of investments in new business areas, the sensonality of the exhibition and support costs following the move to new premises.

Also, the regionally based promotions company generated an unacceptable level of losses contribution from PA Design All that could add up to pre-tax

Hunting warns on oil services loss

first half of 1986 from a turn-

operation in Canada accounted duce the group's pre-tax profit for £1.74m (£1.98m) of the profit, while lubricants, products distribution, oil broking and storage produced £1.15m The performance of Gibson

Hunting Petroleum Services (£1.25m), and oilfields services Petroleum in Canada was been made a profit of £3.03m in the £140,000 (£124,000).

The directors said a loss over of £101m, compared with a anticipated from the oilfield restated £3.18m and £129m services activity for the rest of respectively in the like half of the year reflected the environment in Which thetesubsidiary.

The crude oil transportation was operating, and would reduce the group's pre-tax profit in the second half to a level profit, while lubricants, presimilar to that now reported.

ter than the comparison indi-cated, as the 1985 figures benefitted from a more favourable

The half year's attributable profit cama to £1.06m (£1.3m) for earnings of 6.78p (8.25p) basic and 6.68p (7.84p) fully diluted. The interim dividend is in the second haif to a level similar to that now reported, against £4m earned last year.

The performance of Gibson scrip alternative.



PRECIOUS FEW CAN BE ASSURED OF A SOUND FUTURE

Ironically, Mozart could have done with a few more notes in his later years. He died a pauper, a victim partially of his own lack of foresight and the Emperor's, whodisplaying remarkable ignorance and ill judgement-himself became another victim. A victim of the quote that was proved wrong.

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the overtures.



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Halstead up 28% to £4m record

James Haistead Group made further progress in the year to end of June 1986 with impovements in both the flooring and leisure divisions contributing to record pre-tax

On turnover up by 7 per cent from \$33.19m to \$37.72m, pre-tax profits rose to \$2.92m, against \$2.98m, an increase of 28 per cent. Earnings per 10p share came out at 17.2p (12.94p) and the directors are proposing a final dividend of (2.5p) making a total of 5p (4p).

man, said it was intended to continue concentrating on mainline businesses and ex-

comman concentrating on mainline businesses and expansion plans involving significant expital investment were being formulated.

The flooring company reported another strong performance and despite difficult trading conditions had produced a record result, he added. The competitive market limited volume growth but improvements in production and increased marketing helped profits.

Leisure products' trading profits improved from \$252,000 to \$581,000 with better performances from both Belistaffs, international leisure clothing manufacturer, and Conway Leisure Products, maker of traffer tents and folding campers.

Belistaff benefited from better production and more

ter production and more marketing and made further penetration into the specialist countrywear and golf wear markets. Conway increased its share of the trailer teat market despite there being no overall growth.

growth.

The pre-tax figure was struck after group costs of £180,000 (£261,000) and employee profit share costs of £205,000 (£162,000) and included share of associate of £26,000 (£64,00). The tax charge was £1.46m (£1,24m), and last time there were extraordinary debits of £32,000 to leave attributable profit of £2,47m, against £1.8m last time. Dividends absorbed £0.72m (£0.57m),

comment Halstead's figures are flattered

Halstend's figures are flattered by the absence of a £176,000 loss on discontinued husi-nesses and helped by a £238,000 fall in interest charges as debt was cleared. Even so, underlying profits growth—around 13 per cent—was achieved without any price improvement on flooring products or a drop in raw material costs. That suggests genuine efficiency pains and—although already holdand—although arrestly note-ing ever 50 per cent of the contract market in vivyl floor-ing—increased market share. Despite a flat market in floors ing—increased market share. Despite a flat market in floors generally, Halstead is looking for more of the same this year: budgeted capital spending tops film and much will go on new products with enhanced safety benefits. The smaller leisura side also saw improved efficiency. Sales here were just 8.3 per cent higher, but Halstead is slowly adding such products as ski wear to its clothing range, increasing the gross margin, albeit at the risk of entering the fashion market. Shareholders who rejected the British Syphon bid, worth 100p in 1984, will be cheered to see the price up 3p to 168p yesterday. But with perhaps £4.5m in sight this year, the prospective p/e. on a 35 per cent tax charge, is a a 35 per cent tax charge, is a conservative looking 8 times

Evered buys John Payne By David Goodhart

Evered Holdings is continuing its strategy of small takeovers following its failure earlier this year to win control of McKechnie Brothers.

McKechnie Brothers.

The company yesterday announced the acquisition for £3.5m of The John Payne Group, which makes process and packaging machinery for the food and tobacco industry.

Mr John Payne, a former managing director of AMF Legg, who founded the business in 1975 will continue to run it. The company made a pre-tax profit of £920,000 in the year to May 31 1985 on net assets currently valued at £3.4m.

Evered is issuing 1.56m new shares to pay for this latest deal and Mr Payne and his family have agreed to

his family have agreed to hold not less than 90 per cent of the shares for a mi period of 12 months.

Turner & Newall buys private company

private company
Turner & Newall has
acquired the private company
Tangye Ltd, which makes
hydraulic jacks, cylinders and
pumps in the West Midlands.
The cest was not revealed,
hut is less than 1 per cent
of T & N's net assets. The
company will operate as a
division of Flexitaliic.

I.G. INDEX FT for October 1,261-1,267 (+29) Tel: 61-828 5699

Close Brothers plans expansion

in investment operations and it was about to amounce a further purchase for between formerchant banking services, reported an increase in return on shareholders funds from 24.5 per cent to 27.4 per cent in the year to end July 1986.

Mr Rod Kent, managinal at 12.4n (10.50—) year to end July 1986.

Mr Rod Kent, managing tors are recommending a final director, said it was a year of outstanding progress and that the company was "no less ambitious for the future."

Pre-tax profit increase.

Mr Vincent Clare, chair-

outstanding progress and that the company was "no less ambitious for the future."

Pre-tax profit increased by 16 per cent to a record £2.51m (£2.17m), including £1.47m (£2.17m), including £1.47m (£2.17m), including £1.47m (£0.95m) from merchant hanking and £1.04m (£1.12m) from net investment income. With capital gains, realised and unnet investment income. With capital gains, realised and unnet investment income. With capital gains, realised and unnet fund of £12.5m was set in the total results came out at £7.3m, against £5.8m last time.

At the end of the year shareholders funds were up at £7.3m, against £5.8m last time.

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At the end of the year shareholders funds were up at £7.3m was £883,000 (£794,000), and after minorities of £22,000 (£15,000) and dividends absorbing £4.07,000.

Mr Kent said that during the year a new unquoted investment fund of £12.5m was set in with contributions from ten blue chip institutions. Another highlight was the acquisition of £7.3m was £859,000 against £407,000.

Tyzack Turner bid likely

A TAKEOVER bid could be on the way for Tyzack Turner, the Sheffield manufacturer of industrial knives and blades, following approaches to two of its largest shareholders.

Tyzack announced yesterday that Boston Investment Management Group, which owns 20.24 per cent of its shares, and Ayre Mallett and Company, which holds 11.82 per cent, had been made offers to buy their shareholdings at 75p cash per share. At this price the company is valued et £2.66m.

If the buyer did win control of these two holdings, it would be required to launch an offer for the entire share capital since they exceed the trigger point of 29.9 per cent for takeover bids.

Mr Ray Parkes, managing director, sald the company knew tha identity of the potential bidder but could not discussed it.

"But we have had no official approach and no written offer." he added. "We don't know whether we should be trying to oppose or welcome the bid, or if a bid will emerge," he said.

The two shareholders which have been approached are both controlled by part-time Tyzack director, white Ayre Mallett is controlled by Mr D. M. Samders, a non-executive director, white Ayre Mallett is controlled by Mr M. J. Mallett, since they exceed the trigger executive vice-chairman on a part-time basis. Tyzack's shares were unchanged at 65p.

DIVIDENDS ANNOUNCED

		Date	Corre-	Total	Total	
Cr	rrent		onding		last	
· Da	yment	payment	div.	year	year	
Percy Biltonint	4.2	-	4	-	11.98	
Charlie Browns	12	Jan 5 .	1	3	1	
CCA Gatteriesint	‡0.8	Nov 17	-	_	1p	
Close Brog	5.2		4.75	8	7.38	
Fortuum & Mason fot	5		5	-	39	
James Maistead	3	Dec 5	2.5	5	4	
Hunting Petroleum int	13.5	Dec 8	2.5	_	8.5	
S. Serome & Sonsint .	1.3		*0.83		*3	
Molinsint		Nov 28	2.2		7.9	
Morgan Grenfellint		-	-	-		
John Mowlemint		Dec 31	4		14	
N. British Canadian int			2	_	6.85	_
	11.8		1.6	2.6	2.6	
TR Pacific Basin int			0.5		1	
				-	- 1- 4	

Dividends shown in pence per share net except where otherwise basis, stated. Equivalent after allowing for scrip issue. I.On.capital Brokers to fie issue are increased by rights and/or acquisition issues. IUSM stock. Laurence Prust and dealings I Unquoted stock. To reduce disparity—carries scrip option. will start on October 20.

Percy Bilton ahead to £5.4m

Percy Bilton, a London property button, a London pro-perty investment and develop-ment company, yesterday re-ported pre-tax profits up from £5.18m to to £5.4m for the six months to June 30 1986. The in-terim dividend is increased terim dividend is increased from 4p to 42p net, and stated earnings per 25p share were higher at 10.5p against 8p.

The directors said the group had greatly increased its development programme over the past six months in response to known demand for new property in the South-east. Trading divisions had made a satisfactory contribution to the six months figures.

Turnover, excluding inter-

months figures.

Turnover, excluding intercompany transactions, was down from £13.5m to £11.68m in the opening a half. Property and investment activities contributed £7.36m (£5.33m) and the share from construction—including housing—was £739,000 against £1.87m.

Administration expenses

Administration expenses were up from £605,000 to £644,000. and interest charges were £2.04m compared with £1.42m. Tax was lower at £1.18m (£1.68m).

Placing values Berry Birch at £6.9m on USM

By Philip Coggan

Berry, Birch and Noble, the financial services and insurance broking company is joining the unlisted securities market via a placing which values the group at £6.9m. Exactly 25 per cent of the existing 6m ordinary shares are being placed at 115p

The company was founded in April 1963 by the current chief executive Mr Derek Berry and Mr David Birch, now managing director. Group activities are lifa insurance and mortgage broking, pensions, mortgage and financial planning advisory services and insurance broking.

The directors are forecasting pre-tax profits of not less than £900,000 for the financial year ending January 31 1987 putting ending January 51 1987 putting the shares on a prospective p/e of 13.4. In a full year, the directors would expect to pay a net dividend of 4.2p, giving a gross yield of 5.1 per cent at the placing price. In the past financial year, profits before tax and non-recurring expenses were £597,000 on turnover of £3.3m, on a merger accounting basis,

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Berry, Birch and Noble plc

The activities of the Group are financial services and insurance broking for both corporate and individual clients and, through a partly owned subsidiary, the manufacture of micro-electronic teaching aids.

Authorised £800,000

SHARE CAPITAL in Ordinary Shares of 10p each

Issued and fully paid £600,000

In connection with the placing of 1,500,000 Ordinary Shares of 10p each at In connection with the placing of 1,300,000 Ordinary Shares of 10p each at 115p per share by Laurence Prust & Co. Ltd., application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of Berry, Birch and Noble plc in the Unlisted Securities Market. A proportion of the shares being placed may be available to the public through the market during market hours today. It is emphasised that no application has been made for these securities to

be admitted to listing.

Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and copies of the Prospectus may be obtained during normal working hours on any weekday (Saturdays excepted) up to and including 21st October 1986 from:

LAURENCE PRUST & CO. LTD. Basildon House 7-11 Moorgate London EC2R 6AH 7th October 1986

UK COMPANY NEWS

Nigel Wray is mystery bidder for Gilbert House

aday october | in

Percy

Bilton

ahead to

Placing value

Berry Birch

£6.9m on 0 So for up Coggae

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MR NIGEL WRAY, the financier who last year acquired joint control of Somportex, the confectionery distribution company, emerged yesterday as the mystery bidder for Gilbert as any more that are tendered mystery bidder for Gilbert so as to retain its Unlisted investments, the property investment and development group.

Mr Wray yesterday bought a time Gilbert House's property way are to join the Gilbert House's property and development remain as chairman. cier who last year acquired joint control of Somportex, the confectionery distribution company, emerged yeaterday as tha mystery bidder for Gilbert House Investment, the property investment and development group.

Mr Wray yesterday bought a 79.97 per cent stake—23m shares—in Gilbert House from the financial states of Gilbert House from the market a large number of the shares already acquired as well as any more that are tendered so as to retain its Unlisted Securities Market quotation.

The new owner plans to continue Gilbert House's property investment and development activities. There is not expected to be any substantial increase.

Mr Wray yesterday bought a tinue Gilbert House's property investment and development activities. There is not expected to be any substantial increase thouse chairman. Mrs J. B. Turrioo family company.

The shares have been bought at 18.87p cash each to value Gilbert House's issued share capital at 25.44m. On the stock market yesterday the company's shares leaged 41p to 61p to value it at £17.58m.

Mr Wray is making a formal tinue Gilbert House's property investment and development activities. There is not expected to be any substantial increase will be investigated.

Gilbert House came to dealing activities. There is not expected to be any substantial increase will be investigated.

Gilbert House's property investment and development activities. There is not expected to be any substantial increase will be investigated.

Gilbert House's property investment and development activities. There is not expected to be any substantial increase of 18.68 per cent of the use of 19.68 per cent of its abares.

On August 4 the Parrett family announced plans to make a 15p per share offer for these shares but this proposed bid has now been suspseded by the offer

House board. Mr Parrett will remain as chairman.
A futrher 2.33m shares, or 8.1 per cent of the equity, will be placed with clients of stockbrokers de Zoete Bevan.
Mr Parrett will retain 100,000 shares and his making an offer for four subsidiaries of Gilbert. House which own an investment property in Ashford, Kent and five dealing properties and properties in the course of development. These are valued at about \$2.8m.

sale in final stages BY TONY JACKSON

Beecham offshoots

Among the bidders is a management consortium headed by Mr Richard Aston, who took over as managing director of Beecham's Unibond-Copydex weigh against it. However, subsidiary 12 months ago. The parts of the division being sold comprise three sealant manufacturers—DAP in the US, Ceresti in Germany and Rubson in France, as well as the Unibond-Copydex adhesives business in the UK. The world-wide URU adhesives business, announced in Among the bidders is a management consortium headed wide UHU adhesives business, based in Germany, is not to be sold.

a series of acquisitions in care products such as toiletries.

1984-85, though UHU was acquired in 1970. The largest 12p.

Beecham has confirmed that part of the business is in the rig in the final stages of selling US, followed by Ceresit, Rubson its home improvements business and Unibond-Copydex, which for a price believed to be close to \$200m.

The fact that the prot

products business, announced in principle in June, is part of a strategy of stripping the group down to its two traditional areas of pharmaceuticals and personal

Smallbone to acquire huxury beds retailer

Smallbone, the upmarket fitted kitchen supplier which was floated on the Unlisted Securities Market, in June is to buy the luxury beds retailer And-so-to-Bed.

The deal puts a value of at least £3.4m on ASTB hut, depending on profits between now and 1990, the final price is likely to be about £4.4m.

In the year to June this year, ASTB recorded pre-tax profits of £456,000 on turnover of £3.57m. It had assets of £1.05m, including £418,000 in cash.

Mr Graham Clark, Smallbone Mr Graham Clark, Smallbone managing director, said yesterday he expected ASTR's pre-tax profits to rise steadily to about £1m in the year ending February 1990, putting the total deal at about £4m.

Smallbone, which recently added bedroom furniture to its ranges of kitchens and is

ranges of kitchens and is branching out into bathrooms, was valued at £9.2m when it was was valued at 29 2m when it was floated four months ago. Pre-tax profits for the year to last February were £722,000, Smallbone shares closed up 10p at 165p.

This announcement appears as a matter of record only.



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Tender Panel Agent NM Rothschild & Sons Limited

October, 1986

Videoserve owners settle

litigation

Videoserve, the company which supplies 95 per cent of UK video outlets, is set to expand into a major new market following the settlement of litigation between its joint owners CBS/Fox Video Ltd and Cityvision PLC. CBS had begun the litigation

CBS had begun the litigation over a disputed investment with the previous owners of Cityvision (then known as Intervision). Following the reconstruction of Cityvision and the personal intervention of Mr Ralston W. Coffin, tha international president of CBS/Fox, Cityvision has agreed to make an additional logn (of less than bring the loans from the two shareholders into balance.

Hutchison sees its role as Pearson's white knight

belief that a corporate link-up would offer a wide range of benefits to both companies and added: "The idea of having someone you know with a size-able stake, a potential in-house whita knight, could make sense for them."

MR SIMON MURRAY, managing director of Hutchison Whampea, the Hong Kong trading company with a 4.9 par cent stake in Psatson, said yesterday that Hatchison could act as an effective "in-house white knight" if it was allowed to increase its stake in the industrial, banking and publishing group which owns the Financial Times.

In an interview with the US financial news agency AP-Dow Jones, Mr Murray repeated his belief that a corporate link-up would offer a wide range of the state of Mr Murray is optimistic that Hutchison and Pearson can find "common and fertile" ground, and following his discussions with Lord Blakenham, Pearson chairman, in London last month, said: "The next mova is their move. They've got to decide whether they want to see us in a larger position than we are today." He did not, however, specify how large a stake Hutchison wants.

Mr Murray noted that Pearson had some assets which might be considered under-valued. He said Pearson wanted to know how well the two groups can co-operate before allowing Hutchison to huild its stake. Hutchison, by contrast, shareholders into balance.

PROCESS SYSTEMS is paying \$7.5m cash (£5.2m) to acquire MDA from Westinghouse, MDA makes translators and magnetic tape and solid stand-slone recorders, and had sales of \$4.9m in the first half of 1986.

For them."

He also stressed that he did stake: Hutchison, by contrast, is anxious to move ahead now. To walk into the UK and get some into a beat-up with the establishment. If the investment in Pearson doesn't work out well, we would look for something good stepping stone for us,"

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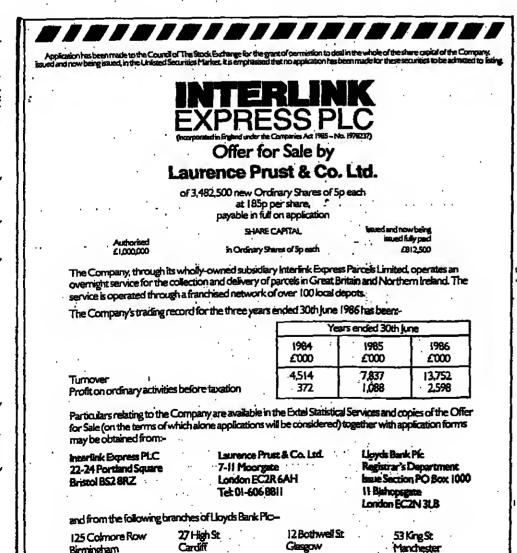
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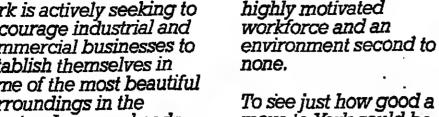
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Introduction

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public through an offer for sale valuing its business at £80m. The story of Interlink reads like an archetypal rags to riches tale. Its founder, Mr Richard Gebriel, chairman and chief

BY ALICE RAWSTHORN

In its last financial year to June 30 Interlink produced pre-tax profits of £2.59m on turn-over of £13.75m, compared with £1.08m and £7.83m respectively

Interlink valued at £30m

in offer for sale on USM

years. It also plans to move into the Republic of Ireland and possibly West Germany, and to establish a high street parcel

There could scarcely be a more

The story of Interlink reads like an archetypal rags to riches its rounder, Mr. Richard Gebriel, chairman and chief executive, started the company as a motorcycle messenger service five years ago, having worked as a messenger in the city of London. After the fiststitus headstime, while hecome a millionaire, by cashing in shares worth a little more than film.

The company collects and delivers parcels, within 24 hours, all over the UK. It operates from a central parting depot in Hartlesbury. Past Kiderminster, and from 114 transhised units across the country.

Each morning the franchised units across the country. The parcels are taken by Jaurence Pruest in the country by Interlink torries to the central parting depot in The parcels are taken by Jaurence Pruest in the country. The parcels are taken by Jaurence Pruest in the country by Jurellink torries to the central depot, across device the franchised units across the country. The parcels are taken by Jaurence Pruest in the country of the country which will be used to the franchises for delivery by lumchtime the following day.

"By opining for the franchise target overheads when to a minimum," and also helps to ensure that our to 25 per cent in the next five a motorcycle messenger turned militoraire founder, it matches the that the same than accountant who the country which destroyed all the accounting records. The finance director that formatical across the finance director that formatical across the country.

The company collects and delivers parcels, within 24 hours, all over the UK. It such that a past problems with VAT. The parcels are taken by Jaurence Pruest Interlink to mineral across the country.

Each morning the franchise structure of the contract UK. Some 1.25m new region. The company and to acquire the freehold for a new place for the franchises for delivery by mineral across the hash down to a minimum, and the produced prematical and with a country to the franchise for delivery to the franchise for delivery to the franchise for delivery to the fran

Charlie **Browns** rises to £922,000

In its first full year since joining the USM in May, 1985. Charlie Browns Car Part Centres lifted pre-tax profits by 52 per cent from £888,000 to £922,000. Sales for the 12 months to July 31 1986 were ahead 18 per cent at £18,07cm. While petrol sales fell 10 per cent to £4,94m, accessary and fittings sales rose 35 per cent to £13.13m. Mr Andrew Bairstow, the chairman, said growth was

mid int

Molins ahead 84% but sticks to forecast

Meins was still expecting its therefore, would be correspondingly lower.

In tobacco machinery, the although for the first six morths had expendenced an increase of 84 per cent, from £2.5m to £4.6m.

Mr A. Frankel, chairman, explained that the timing of the time being uncertain, against continuing major contracts was subject to that.

Mr Frankel said Lansson was improved, its share of the available business, but because margins, and the results particularly benefited from shipments against major contracts with China.

The improved half year figures largely resulted from gated board machinery was, the restructuring of the tobacco machinery deliveries and the forecast was subject to that.

Mr Frankel said Lansson was improved, its share of the available business, but because margins, and the results particularly benefited from shipments against major contracts with China.

The improved half year figures largely resulted from gated board machinery business in 1984-85.

Each of those produced improved contributed £17.5m (£19.4m) and £600,000 (£19.4m) and £1000 (£19.4m) and £600,000 (£19.4m) and £600,000 (£19.4m) and £1000 (£19.4m) and £600,000 (£19.4m) and £1000 (£19.4m) and £10

against continuing major con-racts had generated a higher affected by reduced demand than normal share of annual for corrugated board sales (up from £52.9m to machinery and the lower US £63.2m) and profits in the half-year, Profits in the second half, pany held, and in some cases

Market demand, particularly

Tobacco produced turnover of \$45.7m (£33.5m) and trading profits of £4.1m (£1.7m), while corrugated contributed £17.5m (£19.4m) and £600,000 (£800,000) respectively.

Tax took £900.000 (£600,000) and minorities £100.000 (came).

in the mainre Western areas, and minorities £100,000 (same), continued dull, with heavy competition for the available work, at £3.8m (£2m). Earnings were the group won an improving the group won and minorities £100,000 (same), and minorities £100,0



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UK COMPANY NEWS

STOCK EXCHANGE BUSINESS IN SEPTEMBER

Turnover rises sharply amid interest rate tensions

TURNOVER ON the UK Stock Exchange as growing tensions over global and domestic interest rates brought selling of both equities and fixed interest stocks. Trading in government bonds was particularly active and gathered pace towards the end of August as hopes of a fall end of August, as hopes of a fall in UK interest rates were replaced by fears that pressure on the pound would force base rates higher.

May October 7 to

Charlie

Browns

rises to £922,000

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Turnover in gilt-edged securities jumped by nearly 35 percent to £27.21bn. Most active were the short dated issues, which are the most nearly affected by rates in the money market. Trading in shorts rose stocks also reported higher turnover, with the month's total of £14.26bn showing a gain of 33.5 per cent over August.

interest rates upset some of the market's forecasts for UK com-pany profits. The FT Ordinary Index dropped by 84.9 points to 1,227.0.

But the setback reflected only a modest increase in turnover, which at £1.12bn was 10.3 per cent up on August. Private investor interest in the equity market focused around the run-up to the initial public offering of stock in the Trustee Savings Bank. The terms of the offer restrained institutional interest and by the end of the month, the major pension funds and

Munro Corp.

climbs 48%

STOCK EXCHANGE TURNOVER

The FT Government securities index fell 69.6 points to 319.0 over the month, indicating the heavy selling of gilts which has brought hints of major losses by a major US trader.

Equities also ran into selling last month as Wall Street fell sharply and the threat of higher interest rates upset some of the investors in the IRE Enumer in the strength of investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest interest rates upset some of the investors in the IRE Enumer interest interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the investors in the IRE Enumer interest rates upset some of the IRE Enumer interest rates upset some of the IRE Enumer interest rates upset some of the IRE Enumer in the IRE Enumer interest rates upset some of the IRE Enumer in the I

investment interest.

The FT Gold Mines Index jumped 69.8 points to 319.0, as investors in the UK, Europe and the US, sought an antinfation hedge at a time when industrial equities the world over were turning lower.

Index, and transauantic institutions bought the stock last month on the strength of increasingly favourable reports of the new car.

Steady buying of Grand Metropolitan was another factor. The first speculative control of the control of th

Towards the end of the month, UK securities markets were becoming yet more unsettled as the sudden downward pressures on sterling ward pressures on sterling appeared to make a two point rise in bank base rates increasingly likely. Gilt-edged prices moved sharply, although it was left to the traders to supply the activity.

Also discouraging the major

the major pension funds and other major investors may have been holding funds back in readiness for the first open market dealings in the new TSB shares.

The worries over world currencies, and interest rates, necretainties, but this was referred to the more than counter-balanced by together with the underlying nervousness over infiation that these worries reflect, brought significant activity in gold bullion bad gained \$43 to reach \$428 an ounce,

Also discouraging the major bid for some of Hanson Trust's food and catering interests was referred to the Monopolies Commission.

The rise in equity turnover masked a dip in the size of the uncertainties, but this was average share bargain, which at £27,600 was £1,000 lower that in the previous month. This sign that private investors were active in the market suggests that cash may have been taken out by small investors meetings in the TSB issue.

Turriff keeping up recovery with £0.4m

Tarriff Corporation continued its improvement in the first six low oil price but urgent action months of 1986 and achieved a pro-tax profit of £384,000, compared with a loss of £421,000 and a profit of £408,000 for the whole of 1985.

Turnover in the period was reduced to £24.78m (£31m).

Mr Astley Whittall, chairman, said he was optimistic that the improvement would continue.
Provisions made last year against loss-making contracts in the construction husiness proved adequate, and the business was operating profitably. "We are presently seeking a controlled increase in

our workload," he said.

The plant hire companies continued it we made an encouraging start.

Technicare was having diffiinterims in 1987.

seek new business.

Turnover in the period was reduced to £24.78m (£31m).

After tax £143.000 (£80,000) and minorities £24,000 (£42,000), the net profit was £227,000 (loss £523,000) for earnings of 5.1p per share (loss 11.9p)

Dividend policy over many years had been in pay a final only—7p for each of the last three years. The chairman said if the improvement in business continued it would be the intention to start declaring interims in 1987.

BOARD MEETINGS

interime: Ash and Lecy. Bowthorps, Clifford's Deiries, Comcap, Hewdiss-Brust Plant, Lamont, London and Edisburgh Trust, Miles 33, Sars, Siltones, Lubricants, Telaphone Rentale Geers Cross House Property Co. of Landon 18L

flurries were justified when the company confirmed that it was on the way to selling its Liggett interests in the US. However, renewed specu-lative demand then followed suggestions in the investment a bid target. Fellow hotel-keeper Trusthouse Forte fell. also in active trading, after its bid for some of Hanson Trust's food and cataring interests was referred to the Managelies Commission

Central & Sheerwood's

to £0.85m Munro Corporate, the issuing bouse which specialises in bringing small companies to the overthe-counter market and profits up by 48 per cent from £575,854 to £854,999 for the year to June 30 1986 on turnover

lower at £13.13m compared with £13.8m. Agreement has been reached to acquire Investors Planning

Associates for a total considera-

Central & Sheerwood's anditors have again qualified the faccounts to the effect that the group remains viable on a going concern hasis only, with the 1984 to £16m at end June 1986, healer agreeing to support the 1984 to £16m at end June 1986.

The principal bankers confirmed in September that they would continue to provide finance, conditional upon the con-tinuing achievement of the group's operational plan. The Stated earnings per share rose from 16.8p to 35.4p, and the bankers will continue to monitoral dividend is increased from torthe group's performance on the latest the plant on Thursday October 30 a regular basis against the plan. at 11 am.

ing concern name only, while the lin real terms, the group has, company's progressive achieves since January 1984, paid to its ment of its business plan, bankers in aggregate more than fillow of combined capital and interest charges.

As previously announced, the group showed a loss before tax of £1.52m for 1985 compared with a loss of £12.71m for 1984. The annual general meeting

COMPANY NEWS IN BRIEF

NO PROBES—The following 30. Turnover was £17.26m WEDGWOOD—The Secretary of mergers are not being referred (£15.78m) and profit before tax State for Trade and Industry has to the Monopolies Commission: £2.39m (£2.05m). Company has received undertakings from Lonmergers are not being reterred (215.76m) and profit before the Monopolies Commission: £2.30m (£2.05m). Company has received undertakings from Lon-Gates Corporation acquisition of launched a new group of public don: International Group not to Uniroyal Power Transmission bouses with accommodation company and Chase Corporation called "Invita Inns." of Wadgwood, nor to enter into the capital of Wadgwood, nor to enter into

brewers, proposes a final dividend of 11p making 14.25p from Comshare a used Xerux period of the Monopoles Com(12,25p) for year to June 97000 lesser prioter for £75,000. mission investigation.

Uniroyal Power Transmission called "Invicta Inns." of Wadgwood, nor to enter the company and Chase Corporation acquisition of Wingate Property Investments.

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October 1986

October, 1986

registered under the United States Securities Act of 1933 and may not be sold in the United States, its territories or possessions or to U.S. persons as part of the distribution

International Placement

FIAT S.p.A., Turin, Italy

115,081,800 Ordinary Shares (at a par value of Lit. 1,000 each)

88,338,150 Preference Shares

(at a par value of Lit. 1,000 each)

29,341,995 Savings Shares

(at a par value of Lit. 1,000 each)

with Warrants attached entitling the holder to purchase Ordinary Shares in Comau Finanziaria S.p.A.

Commerzbank

Banco di Roma

Kleinwort Benson

di Torino

Salomon Brothers

International Limited

Istituto Bancario San Paolo

Nomura International Limited

S.G. Warburg, Akroyd,

Mullens Securities Ltd.

Rowe & Pitman,

Deutsche Bank Capital Markets

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Union Bank of Switzerland

Yamaichi International (Europe)

(Securities) Limited

Credit Suisse First Boston

Shearson Lehman Brothers

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Girozentrale

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Barroue Paribas Capital Merkets Limited

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Deutsche Bank (Suisse) S.A.

HandelsBank N.W. (Oversees)

IMI Capital Mariets (U.K.) Ltd.

MoLecd Young Weir International

Nippon Kangyo Kakumaru (Europe) Limited

Landesbank Rheinland-Plaiz

Sal. Opportheim jr. & Cie.

Swiss Volksbark

Creditmetalt-Bankversin

Banque Nationale de Paris

Banca Commerciale Italiana Banca Nazionale del Lavoro Credito Italiano

Wood Gundy Inc.

Morgan Stanley International

Société Générale

IMI - Istituto Mobiliare Italiano

Goldman Sachs International Corp. The Nikko Securities Co.,

(Europe) Ltd.

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Banque Gánárale de Luxembourg S.A. Banque Indosusz

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Credito Romagnolo

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Kommanditoaselischaft auf Aktier Industriebenk von Japan (Peutschlan Girozentrale

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Österreichische Länderbank



DOME PETROLEUM LIMITED

Notice to the Holders of the **Outstanding Principal Amount of**

Floating Rate Notes due 1988

U.S. \$50,000,000 Floating Rate Notes due 1989

Notices of Adjourned Meetings of the Holders of the Outstanding Principal Amounts of

U.S. \$3,130,000 161/4% Fixed Rate Notes due 1989 U.S. \$50,000,000

U.S. \$50,000,000 131/4% Debentures Due 1992

to be held on 21st October, 1986

By notices dated 2nd September, 1986 (the "Notices") the holders (the "Holders") of the U.S. \$75,000,000 Floating Rate Notes due 1988, the U.S. \$3,130,000 161/4% Fixed Rate Notes due 1989, the U.S. \$50,000,000 Floating Rate Notes due 1989, the U.S. \$50,000,000 10% Debentures Due 1994 and the U.S. \$50,000,000 131/2% Debentures Due 1992 of Dome Petroleum Limited (the "Company") were requested to attend meetings for the purpose of considering and, if thought fit, passing the extraordinary resolutions (the "Extraordinary Resolutions") specified in the Notices.

At meetings held on 2nd October, 1986, the Holders of the U.S. \$75,000,000 Floating Rate Notes due 1988 and the U.S. \$50,000,000 Floating Rate Notes due 1989 of the Company passed by the requisite majorities the Extraordinary

At the meeting called for 2nd October, 1986 of the Holders of the outstanding principal amount of the U.S. \$3,130,000 161/4% Fixed Rate Notes due 1989 and at the meetings called for 3rd October, 1986 of the Holders of the outstanding principal amount of the U.S. \$50,000,000 10% Debentures Due 1994 and the U.S.\$ 131/2% Debentures Due 1992 of the

principal amount of the U.S. \$50,000,000 10% Depentures Due 1994 and the U.S.\$ 132% Depentures Due 1992 of the Company (collectively the "Notes and Debentures") quorums were not present and as a result adjourned meetings (the "Meetings") of such Holders will be held at The Connaught Rooms, 61-65 Great Queen Street, London WC2 on 21st October, 1986 (at the times indicated below) for the purpose of considering the Extraordinary Resolutions. Pursuant to the Extraordinary Resolutions, Holders will be asked to approve the waiver of the payment of all principal and interest, if any, due to them during the period from and including 28th October, 1936 to and including 27th February, 1987 (as the same may be extended) and the prospective waiver during that period of certain events of default. Holders should be aware that, if the lenders who are parties to the May 30 Waiver (as defined in the Extraordinary Resolutions) extend the waiver period agreed to in the May 30 Waiver to a date beyond 27th February, 1987, the waivers given by the Holders will be extended to such later date provided that a transport the terms of the Supplemental Trust December 17 and 1997. extended to such later date provided that, pursuant to the terms of the Supplemental Trust Deed and Supplemental Trust Indentures to be tabled at the respective Meetings, the waivers to be given by the Holders cannot be extended beyond 30th June, 1987. During the waiver period in respect of the Notes and Debentures interest will continue to accrue at the rates stipulated and in the manner provided for in the Trust Deed and Trust Indentures constituting the Notes and

Subject to obtaining the necessary consents from the parties to the May 30 Waiver (as defined in the Extraordinary Resolutions), which consents the Company believes will be obtained, and provided each of the Extraordinary Resolutions is passed on or prior to 28th October, 1986, a special payment will be made on 31st October, 1986 of all interest on the Notes and Debentures which has accrued to and including such date.

Quorum Requirements

Holders should be aware of the quorum requirements detailed in the notice that relates to their respective Notes or Debentures. In view of the powers that those Holders present (whether in person or by proxy) at the Meetings have and to ensure the results of the Meetings reflect the wishes of as many Holders as possible, the Company and The Law Debenture Corporation p.l.c. and The Canada Trust Company (as trustees in respect of the Notes and Debentures) strongly urge all Holders entitled to attend to do so in person or by proxy.

Recommendation

The Company, which is being advised by Morgan Stanley & Co. Incorporated, strongly urges all Holders entitled to vote to do so in favour of the Extraordinary Resolutions being proposed thereat.

U.S. \$3,130,000 1614% Fixed Fixes Notes due 1989 Notice of Adjourned Meeting to be held on 21st October, 1986

Notice is hereby given that an adjourned meeting (the "Meeting") of the holders of the notes comprising the outstanding principal amount of the U.S. \$3,130,000 16/4% Fixed Rate Notes due 1989 (the "Notes") of Dome Petroleum Limited (the "Company") constituted by a trust deed dated as of Merch 18, 1982 (the "Trust Deed") and made between the Company and The Law Debenture Corporation p.L.c. will be held at The Conneight Rooms, 61-65 Great Queen Street, London W.C.2 on 21st October, 1986 at 9.30 am, for the purpose of considering and, if thought fix, passing the Extraordinary Resolution, the full text of which was published in the Financial Times and the Lineariburger Wort on 2nd September, 1986.

The Trust Deed provides that two or more persons present in person holding Notes or voting certificates or being provides (whethewer the principal stabilities to the Hotes so held or represented) shall constitute a meeting, shall be decided in the first instance by a show of hands. The Chairman or one or more persons holding one or more Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fitted part of the principal amount of the Notes outstanding may demand that a poil be taken. The Chairman has indicated that he will demand a poll on the Extraordinary Resolution.

Paying Agents — Societe Générale Alsacienne de Banque (Luxembourg) 15 Avenue Emile-Reuter, Luxembourg (Grand-Duchy) as principal Paying Agent, European American Bank and Trust Company (New York) 10 Henover Square, New York, New York 10005, U.S.A., Kuwait Investment Company (S.A.K.) Mutterak al-Kabir Street, Kuwait City PO Box 1005 Safat, 13011 Sefat Kuwait, Morgan Gueranty Trust Company of New York (Brussels) 35 Avenue des Arts, 1040 Brussels, Begium, 50ciété Générale (Paris) International Finance Department, 3 Rue Lafayette, 75009 Paris, France, Société Générale (London) 60 Gracechurch Street, London EC3V 0HD, England.

U.S. \$50,000,000 10% Debentures Dus 1994 Notice of Adjourned Meeting to be held on

Notice is hereby given that an adjourned meeting (the "Meeting") of the holders of the debentures comprising the outstanding principal amount of U.S. \$50,000,000 10% Debentures Due 1994 (the "Debentures") of Dome Petroleum Limited (the "Company") constituted by a trust indenture dated as of the 15th day of July, 1979 (the "Trust Indenture") and made between the Company and The Canada Trust Company will be held at The Cornaught Rooms, 61-65 Great Clueen Street, London WC2 on 21st October, 1986 at 10.45 am (or so soon thereafter as the meeting of the holders of the notes representing the outstanding principal amount of the U.S. \$3,130,000 16%% Fixed Rate Notes due 1989 of Company shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the Extraordinary Resolution, the full text of which was published in the Financial Times and the Lixemburger Wort on 2nd Sentember, 1986.

21st October, 1986

and supperment 1900.
The Trust indenture provides that, due to the nature of the Extraordinary Resolution which will be proposed at the Meeting, persons holding Debentures or voting certificates present in person or by proxy and representing at least 10% of the Debentures outstanding shall constitute a meeting, form a quorum and have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the

The first indenture also provides that votes on the Extraordinary Resolution shall be cast by way of a poil and that on a poll each Debentureholder present in person or represented by a proxy shall be entitled to one vote in respect of each U.S.\$1,000 principal amount of the Debentures which are held by that Holder.

Paying Agents – The Canadian Imperial Bank of Commerce (London) 55 Bishopegate, London EC2N 3NN, England as principal Paying Agent, Banque Générale du Luxembourg S.A. (Luxembourg) 14 Rue Aldringen, Luxembourg (Grand-Duohy), Deutsche Bank Aktiengesellschaft (Frankfurt) Teurnusenlage 12, D-6000 Frankfurt am Main 1, West Germany, Morgan Guaranty Trust Company of New York (New York) 30 West Broadway, New York, New York 10015, U.S.A., Morgan Guaranty Trust Company of New York (Brussels) 35 Avenue des Arts, 1040 Brussels, Belgium, Swiss Bank Corporation (Zurich) 6 Paradelplatz, 8022 Zurich, Switzerland, The Canadian Imperial Bank of Commerce (Toronto) Main Branch, Commerce Court Toronto, Canada MSL 169.

U.S. 850,000,000 139% Debentures Due 1992 Notice of Adjourned Resting to be held on 21st October, 1986

Notice is hereby given that an adjourned meeting (the "Meeting") of the holders of the debentures comprising the outstanding principal amount of U.S. \$50,000,000 13½% Debentures Due 1992 (the "Debentures") of Dome Petroleum Limited (the "Company") constituted by a trust indenture dated as of the 1st day of May, 1980 (the "Trust Indenture") and made between the Company and The Canada Trust Company will be held at The Connaught Rooms, 61-65 Great Queen Street, London WC2 on 21st October, 1986 at 12.00 noon (or so soon thereafter as the meeting of the holders of the debentures representing the outstanding principal amount of U.S. \$50,000,000 10% Debentures Due 1994 of the Company shall have been concluded or adjourned) for the purpose of considering and, if thought lift, passing the Extraordinary Resolution, the full text of which was published in the Financial Times and the Luxemburger Wort on 2nd September 1986.

and september, 1986.

The Trust indenture provides that, due to the nature of the Extraordinary Resolution which will be proposed at the Meeting, persons holding Debentures or voting continues present in person or by proxy and representing at least 10% of the Debentures outstanding shell constitute a meeting, form a quorum and have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place.

The Trust Indenture also provides that votes on the Extraordinary Resolution shall be cast by way of a poll and that on a poll each Debentureholder present in person or represented by a proxy shall be entitled to one vote in respect of each U.S.\$1,000 principal amount of the Debentures which are held by that Holder.

Paying Agents – The Cenedian Imperial Bank of Commerce (London) 55 Bishopsgete, London EC2N 3NN, England as principal Paying Agent, Banque Genérale du Luxembourg S.A. (Luxembourg) 14 Rue Aldringen, Luxembourg (Grand-Duchy), Deutsche Bank Aktiengesellschaft (Frankfurt) Taunusanlage 12, D-6000 Frankfurt am Main 1, West Germany, Morgan Guaranty Trust Company of New York (New York) 30 West Broadway, New York, New York 10015, U.S.A., Morgan Guaranty Trust Company of New York (Brussels) 35 Avenue des Arts, 1040 Brussels, Belgium, Swiss Bank Corporation (Zurich) 6 Paradelplatz, 8022 Zurich, Switzerland, The Canadian Imperial Bank of Commerce (Toronto) Main Branch, Commerce Court Toronto, Canada M6L 1G9.

Text of Extraordinary Resolutions

The Extraordinary Resolutions to be proposed at the Meatings are those detailed in the Notices. The text of each Extraordinary Resolution is contained in Exhibit 1 to an Information circular (the "Information Circular") prepared by the Company for Holders and dated 10th September, 1988. Copies of the Information Circular (which also contains further information about the business and financial affairs of the Company, the reasons for the waivers, a summary of the Company is current debt rescheduling agreement and the May 30 Waiver and details of voting procedures) are evallable from the Company, all Paying Agents, Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euro-clear system ("Euro-clear") and Cedel S.A. ("Cedel").

Full instructions concerning attendance and voting at the Meetings are contained in the Information Circular. In addition, Holders whose Notes or Debentures are held by Euro-clear are asked to contact the Custody Operations Department of Euro-clear (telephone Brussels (322) 519 1211, telex (51025) for further information. Holders whose Notes or Debentures are held by Cedel are asked to contact the Corporate Actions Department of Cedel (telephone Luxembourg 52) 448821, telex 2791) for further information

(352) 448821, telex 2791) for further information.
In particular, all Holders should note the following:

(1) Thursday, 18th October, 1988 10.00 am (Luxembourg time) (in relation to Cadel)/19.00 am (Brussels time) (in relation to Euro-clear)

The above times are the latest times for:

(i) receipt by Cadel of tested telexes instructing Cadel to transfer Notes and Debentures to the relevant special account and to obtain voting certificates for Holders of Notes and Debentures from the relevant Paying Agent;

(ii) receipt by Cadel or Euro-clear, as the case may be, of tested telexes instructing Cadel or Euro-clear to transfer Notes and Debentures to the relevant special account and to give on behalf of Holders of Notes and Debentures voting instructions to the relevant Paying Agent;

(iii) receipt by Cadel or Euro-clear, as the case may be, of tested telexes instructing Cadel or Euro-clear to notify the relevant Paying Agent on behalf of Holders of Notes and Debentures of any amendment to voting instructions; and

(iv) receipt by Cadel or Euro-clear, as the case may be, of tested telexes instructing Cadel or Euro-clear to notify the relevant Paying Agent that Notes and Debentures are to be transferred back from the relevant special account to Holders' accounts and that those Holders' voting instructions are to be rensferred back from the relevant special account to Holders' accounts and that those Holders' voting instructions are to be rensferred back from the relevant special account to Holders' accounts and that those Holders' voting instructions are to

be revoked.

(2) Friday, 17th October, 1986

The times set out below are the latest respective times for Holders of the Notes and Debentures to:

(i) deposit Notes and Debentures together with voting instructions with Paying Agents;

(ii) obtain voting certificates from Paying Agents;

(iii) surrender the respective receipts for their Notes or Debentures to the Paying Agent who issued the same together with a request that such deposited Notes or Debentures are to be released or in respect of which changes in Holders of the Notes or Debentures are to be registered; and (iv) amend their existing voting instructions by depositing new voting instructions with the relevant Paying Agent together with instructions to revoke the previous voting instructions.

9.30 am — U.S.\$50,000,000

10.45 am — U.S.\$50,000,000

12.00 noon — U.S.\$50,000,000

161/4% Fixed Rate Notes due 1989 (London time) 10% Debentures Due 1994

A subsequent notice respecting the outcome of the Meetings will, as soon as is reasonably practicable after the conclusion of the Meetings, be published by the Company to notify Holders of whether or not the Extraordinary Resolutions were passed and, if appropriate, the method whereby the apacial interest payment will be made.

UK COMPANY NEWS

S. Jerome lifts first half profit by 71%

S. Jerome and Sons (Holdings), the textiles and electronics group, announced yesterday it had increased its first half 1986 pre-tax profits from £314,000 in 1985 to £336,000 or by 71 per cent.

The interim dividend is lifted from an adjusted 0.832 per

from an adjusted 0.83p per share to 1.3p. The company said the 57 per cent increase would help reduce the disparity with the final—217p paid last year. Mr Alan Jerome, chairman, said the amount of the final would depend on the full results but he was confident of further record profits.
The shares rose op to close at

The textiles divisions were The textiles divisions were performing well in all sectors, with orders in hand up on last year, and CMR, the electoronics division, was increasing its contribution following its return to profitability last year.

Mr Jerome said the company was also on the look-out for acquisitions. "I want to see the group grows in different product.

acquisitions. "I want to see the group grow in different product areas of textiles," he said.

In the half year total turnover reached £10.1m (£9.1m). The textiles side — worsted spinning, weaving, hleaching and finishing — increased operating profits from £468,000 to £602,000, on turnover up from £7.89m to £8.24m.

The chairman said the results were achieved in spite of poor weather in March and April In electronics, last year's operating profit of £33,000 was almost doubled to £62,000. Turnover rose from £1.71m to

Turnover rose from £1.71m to Interest charges for the

Interest charges for the group fell to £128,000 (£187,000) but tax rose to £198,000 (£182,000).

This left net profits at £338,000 (£182,000) and earnings per share at 5.84p (3.15p).

CCA forecasts rise Profits before tax of CCA Galleries fell from £286,000 to 5223,000 in the six months to June 30 on turnover down from £2.02m to £1.99m. An interim dividend of 0.8p per share is

declared.

Fluctuating patterns of trade caused the fall in profits in the first half which should more than be made good in the second. Turnover and profits for the full year should show an improvement over 1985, the directors state.

Mersey Docks still hit by overmanning problems

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

Company made a profit before tax of £1.03m in the first halfyear to June, compared with £1.42m for the same period in

The company blames the poorer performance on trading factors beyond its control and continuing overmanning of the Port of Liverpool, which still has 4,330 too many dockers and administrative staff.

Mr James Fitspatrick, the Discussions are under way chairman, said that income from general cargo had been resolving the problem but he hit hally by the re-imposition ruled out Liverpool following of severe imports controls by Nigeria. However, most other by the port to hring the lump trade was buoyant and turn-round time at the Seaforth be at least £3m, which the is no agreement by cent to the government aimed at cent increase in trade of the problem but he first half-year, but first half-year, but first half-year but for a ging and construct factors beyond our company methods to the port to hring the lump factors beyond our company methods to the port to hring the lump factors beyond our company methods to the port to he at least £3m, which the

surpassed in Europe, He said the port's grain ter-minal had been hit by lower imports as REC grain production rose. The company was hoping to use the terminal more fully by selling its spare capacity to grain exporters. The central problem, how-ever, remains that of over-

Port of Liverpool, which still has 4,330 too many dockers and administrative staff.

Overmanning hit the trading account with £882,000 of extra wages and associated costs. The company continued to he burdened by £1.19m of pre-1971 for people leaving, was not as pension costs. Severance costs of £7.5m were an exceptional item: £4.26m af these were met by repayable government grants.

Mr James Fitzpatrick the Discussions are under way

Mersey Docks and Harbour container terminal was now un- MDHC could not afford. The company expects to con-clude a new two-year pay and productivity deal shortly. Mr Fitspatrick said that the pay element—believed to involve 4 per cent each year—was almost settled. The sticking point was new working prac-

The unions were reluctant to change if this accentuated overmanning, while the manage-ment had won important changes in the previous two two-year deals and needed to do

so again. Key negotiations are for new working practices and manning at the loss-making timber terminal, which the company says it will shut down if there is uo agreement by December 31. The terminal had a 25 per cent increase in traffic in the first half-year, but of lower quality wood for use in packaging and construction work. factors beyond our control."

The company made £2.4m before tax in 1985. working practices and manning

Riley Leisure hit by losses

THE RATE of recovery at Riley Leisure has been halted in the first half of 1986, the main problem being the leisure industries division where losses

rose substantially.

Trading profit fell from £1.39m to £804,000. But a cut in interest charges from £881,000

interest charges from £881,000 to £464,000 was reflected in the pre-tax profit, and the drop was £164,000 to £340,000.

Of the trading profit, snooker manufacturing accounted for £325,000 (£413,000), leisure loss — home mooker tables — £587,000 (£248,000), and snooker clubs £1.07m (£279,000).

The fitness equipment division was sold in March and helped to reduce bank overdraft. In the first half of 1985, it contributed £289,000 to trading profit.

Against increasing competition, the snooker clubs achieved improvement in turnover and profits; three smaller uneconomic clubs were sold and in September two larger ones opened, incorporating much better facilities.

The directors said the continuing strength of snooker in the UK and the widespread development of the sport throughout the world was fig. 30 (£52,000).

Fortnum & Mason in the red

Fortnum & Mason, the department store located in London's Traditiona Piccadilly, fell into the red in the 28 weeks to Angust 9 1986. annual sales On slightly lower sales of £8.2m, company sales appeared to the case this seles of £88.000, compared with a Although £110,000 profit previously.

The company said that the improvement Fortume & Massen, the department store located in London's Piccadilly, feel into the red in the 28 weeks to Angust 9 1986.
On slightly lower sales of 26.2m, against 26.34m, the company said yesterday that of 268.000, compared with a 25110,000 profit previously.
The company said that the rease this were showing some that sales were sh

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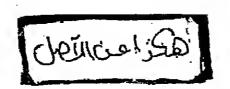
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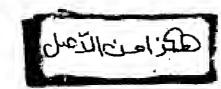
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All of which give you better cash management, wider scope and more liquidity - your keys to greater profit opportunities in this exciting new market.

For information on how you can expand your trading horizons and a copy of our current equities list, contact Peter F. Culver, General Manager, in Brussels, Tel: (322) 519 12 11.

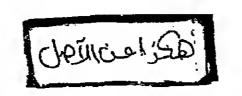
EC **Euro-clear**

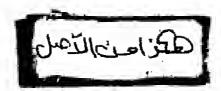




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LME expects to retain 'traditional' features

BY STEFAN WAGSTYL

THE LONDON Metal Exchange, which has been negotiating the reform of its market with City to have won its battle to keep change to a minimum. Mr Michael Brown, LME

chief executive told a trade conference in London yester-day: "We are certainly hopeful that the steps we bave made will enable us to continue doing business in the traditional

Mr Brown's comments followed a meeting on Friday between LME officials and representatives of the Securities and Investments Board, the embryonic City regulatory body, the Bank of England and the Department of Trade and Industry.

The news will delight the exchange's brokers and metal trade clients many of whom bave argued strongly against change.
Under pressure from the
SIB, the LME agreed in March
to replace its century-old
principal-to-principal market with a system in which a clear-

ing bouse acts as intermediary between brokers.

the LME has succeeded in its trada clients to pay cash margin fight to make sure that its when they open positions ou clearing system is modified to the market and make further retain as many festures as pos- margin payments when prices sible of its present market move against them. Instead, the Although negotiations with the exchange seems set to retain SIB are not yet completed it its "prompt date" settlement Although negotiations with the Although negotiations with the SIB are not yet completed it its "prompt date settlement looks as if the LME could system, under which profits and losses are settled on the armine system which adopt a clearing system which is quite different from those operated by other exchanges.

permitted to offset different clients' long and short posi-tions, laying off only the net risk on the market. The SIB, which is being entrusted with the Government's policy of increasing investor protection in the City, had wanted the rules changes so each cliant's account is kept separate.

As a result, it is likely that tional Commodities Clearing unlike other cleared markets, House.

nickel production However, it now seems that the LME will not have to ask

contract expiry date. To meet the financial security rules of At the heart of the talks the clearing house, bank between the IME and the SIB guarantees would he put up to bas been the issue of the segregation of client accounts. At present, LME brokers are Mr Brown said yesterday that the new system would probably be np and running by next March. He was speaking at a forum organised by American Metal Market, a trade news-

in the City, had wanted the rules changes so each cliant's account is kept separate.

The LME appears to have persusded tha SiB to accept a compromise under which the segregation rules will apply to private investors but not to trade clients.

As a result is a company to commenting on Mr Brown's remarks, Mr Clem Danin, a director of Boustead Davis, an LME trading company, told the conference that the exchange would still have a principal-to-principal contract (for trade clients) but the husiness would be cleared through a clearing bouse operated by the Internal

Traded options planned for spring

THE London Metal Exchange estimates. plans to launch traded options in all six metals in which it makes markets at the time when reforms to its trading system are carried out—probably next

Mr Paul Shuman, chairman of an LME traded options sub-committee, told the conference that options and options-related business accounted for more than 50 per cent of exchange turnover, according to his

estimates.

Mr Shuman said it was likely traditional options, granted by hrokers off tha market, would not be cleared through the proposed LME clearing bouse system. Traded options would be. As a result the options market would be safer and more liquid.

bility of intermediate months being introduced later. There would probably be an interval of two weeks between tha declaration date, the day an option fell due, and the prompt date. These would be the second and fourth Wednesday of tha month, respectively.

market would be safer and more liquid.

Mr Shuman said prompt (or settlement) dates in options would probably initially be two months apart, with the possi-

Brighter prospects seen **London extends** range of oil futures

By Lucy Kellaway TRADING STARTS today on London's International Petrofeum Exchange in two new futures contracts hased on gaso-line and heavy fuel oil. Both contracts, which will be added

to the existing gas oil contract, are unique, Mr Peter Wild-blood, the chief executive of the exchange said yesterday. The gasoline contract is based blood, the chief executive of the exchange said yesterday.

The gasoline contract is based on leaded fuel, which has been phased out on the Naw York Mercantila Exchange while the beavy fuel oil contract is that first of its kind.

Mr Wildblood said that the contracts bad met with "ax-tremely good feedback from the trade." However, ba warned that they could not be

warned that they could not be expected to catch on at once, and said that 5,000 lots traded in the first six months would he a satisfactory start.

The launch marks the Exchange's third attempt at diversifying away from its successful gasoil contract. Two earlier attempts to establish a crude contract failed, although the exchange still helieves that there is a market for such a there is a market for such a contract and discussions with the industry are progressing.

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending last Friday)

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for rubber agreement

RUBBER PRODUCING and importing countries embarked over the level at which the here yesterday on their third attempt to agree on a new international Natural Rubber nism for subsequent adjust-agreement (inra) with brighter ments brought about the prospects than before for a college of the last round of talks in May. successful outcome. A new five-year price-stabilis-

Compromise appears to ba in sight over the crucial issue of

talks in May.

Tha reference price deter-

mines the price levels at which the buffer stock manager can intervene by buying or selling rubber on the market

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Good news and bad news for Canada's grain trade

A TENTATIVE agreement to workers over a contract dispute end a crippling, month-long work stoppage at Canada'a shalf of Canada's grain is main Great Lakes grain handling terminal of Thunder Bay the new Prince Rupert terminal operations at the port by tha end of this week.

The agreement was reached in the early bours of Sunday morning after the Federal Government to intervene in the Thunder Bay dispute as stocks of Canadlan grain fell to pass special legislation early this week to force the 1,500 grain handlers back to work. A federal mediator was sent to Thunder Bay to break the deadlock between the handlers and their employers.

But Canadian exporters suffered another labour-related through Thunder Bay is transshipped to ocean-going vessels at the St Lawrence ports.

Details of the settlement will not be revealed until a ratification vote is taken among the workers.

John Cherrington is on

holiday this week. His "Farmer's Viewpoint" column will return next Tuesday.

Falconbridge LONDON to cut

By Bernard Simon in Toronto

FALCONBRIDGE, the lossmaking Canadian nickel producer, is to cut production st lts main operations in Sudhury, Northern Ontario, by about onesixth in 1987 and will close its Norwegian refinery fo rat least a month next summer,

Ascribing the cutbacks to continuing low nickel prices and over-supply of the metal, the Toronto-based company said that employment levels at Sudbury will be reduced by about 10 per cent, salaries of senior managers will be cut, and the working week at head office will be extended by 2.5 hours without extra pay.

Falconbridge has tried to resist cutbacks up to now gaining a reputation as a fiere price-cutter in international uickel markets. But the com-pany suffered a C\$27.2m (£20m) operating loss in the (£20m) operating loss in the first six months of this year. Besides lo wnickel prices it is burdened by charges on dabt used to finance the C\$615m acquisition earlier this year of the Ontario base metal producer, Kidd Creek mines.

Tha shutdowns planned Tha shutdowns planned at Sudbury, which include the entire months of July and August 1987, are expected to push output below 60,000 lb, compared to almost 70,000 in 1986f. Falconbridge said that 275 mine, mill and office jobs are to be eliminated at Sudbury, either through lawefit or the either through lay-offs or the early retirement packages being offered to 435 workers.

• THE US supreme court rejected s challenge to the en-vironmental protection agency's (EPA's) rules setting strict standards for the non-ferrous metals industry under the clean

The industry argued that the waste treatment standards, adopted in 1984, governing primary lead, zinc and copper and secondary lead plants, were unachievable, were based on flawed data and will result in wideenvested.

Challenging the standards were the American Mining Congress, the Secondary Lead Smelters Association, Amax Inc, Asarco Inc. St. Joe Minerals Co

They were supported by Tha Chamber of Commerce, The National Association of Manufacturers and The American Iron and Steel Institute, trade groups that filed friend-of-the-court briefs in tha case.

But Justice Department sitorneys, on behalf of the EPA, said toxic metals discharged from the plants posed serious said toxic metals discharged from the plants posed serious adverse health and environmental effects, They urged tha high court to reject the industry challenge by letting stand a federal appeals court ruling last December that upheld the standards.

They noted the appeals court found that the EPA did not act arbitrarily or capriciously in adopting tha rules.

adopting the rules.

THE PRICE of gold is likely to remain above \$400 a troy ounce for some time, South Africa's Finance Minister Mr Barend du Plessis said in London yesterday. He said that in view of the many variables involved be could not atate categorically that the present price of gold would be sustained.

"But it would seem likely that the gold price will be able to move for some time in a band over \$400," be said.

THE UPWARD swing of the THE UPWARD swing of the caffee pendulum gathered pace yesterday after a brief burst of early selling uncovered an area of firm support. A \$75 rise lifted the January position on the Loudon futures market to \$2,257.50 a toune at the close, £127.50 above the low it reached in the middle of last week after a superband hour

week after a sustained bout of technical selling had trimmed nearly \$400 a tonne off nearby positions. Dealers said confidence appeared to have returned to the market with most operators now con-vinced last week's sell-off with overdone. They said fundamental factors remained bullish with lack of rainfall in Brazil still giving cause for concern. On the cocoa futures market prices finished a little lower on the day. Traders said the market lacked direction and prices appeared to be consolidating ahead of fresh crop developments. The physical market was quiet, they said, while manufacturer offtake was "neutring."

LME prices supplied by Amalgamated Metal Trading.

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High	Close (p.re.) — Ni	gh/Low

grade	£ pe	r tonne	ing.	518
Cash 3 months	629-30 619-20	+1 -0.70	631/6 692.6	29 15
(631-2); t	631 (632)	he 620-1 Final I 1775 to	(621.6 Kerb Cl	5-2) 080 US

GOLD

Gold rose \$1 to \$437-4382, on the London bullion merket yesterday. Trading was felrly quiot, with the weeker doller helping to underpin the metal. It opened at \$433-434 and was fixed at \$435-50 in the arcmon. Gold touched a peak of \$439-4402 and a low of \$433-434. GOLD BULLION (fine ounce) Oct. 6

Close \$4571₂ 4381₆ (£2504-5044₄) Opening... \$433-484 (£3011₄-303 M'n'g fix... \$436.80 (£302.810) Aft'n'n fix \$436.90 (£308,403)

Allver was fixed 1.85p an ounce lower for spot delivery in the London buillon market yesterday at 388.75p. US cent equivalents of the fixing levels warn: Spot 574c, down 2.5c; three-menth 582.4c, down 2.1c; eix-month 590.55c, down 2.35c; and 12-month 607c, down 2.55b. The metal opened at 395-397-p (673-570c) and closed at 395-397-p (673-570c).

SILVER Buillon + or L.M.E. + or per troy os Price Unofficial

coffee futures found support on continued scale-down producer buying, and moved to a high of 198.20c, basis December, as locals succeeded in triggering stops around 197.50c, reports Heinoid. However, the market was thin on tip and December closed at 197.88c. Concern about this year's Brazilian DOW JONES Dow | Out | Oct | Mith Year Jones 3 | 3 | ago | ago about this year's Braxilian erop is likely to keep prices off last week's lows. Sugar steadied at the close on short-covering by day traders, and deferred months were ahead 0.12c. The market drew most MAIN PRICE CHANGES in tonnes voless otherwise stated. of its support from a weak dollar. Tradexs started to withdraw ahead of

REUTERS

Oct. 8 Oct. 2 M'th ago Your ago

1565.11555.2 1475.0 1699.1

INDICES

Cocoo Ft. Mar. 81865.5 0 21651.6
Coffee Ft. Jan. 29267.0 +76 29378.5
Cotton A Ind. 51.15c +0.2 40.80c
Cas Oil Nov. 8184 -2.5 5137.75
Rubber (kilo) 66p -2.5

Sales: 1,404 (2,631) lots of 10 tonnes. ICCO indicator prices (US cents per pound). Only price for Oct 6: 96.56 (97.72): five-day sverage for Oct 7: 65 65 75

Soles: 5,133 (4,211) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Occober 5: Comp. daily 1379 168.05 (168.75); 15-dey sverage 180.27 (180.34).

SOYA			
	Y'sterd 'ys close	+ 01	Business done
August October	186,0-186.5 186,0-184.5 184,8-185,6 188,0 184.5 182,6-186,6	-0.40 -1.85 -1.75 -1.76 -1.76 -0.56 of 20	136.00

113.95-3.55, aept end Nov untraded. Seles: 103 lots of 100 tonnes.

LONDON GRAINS—Wheet: U.S. Berk Northom Spring No. 1, 16 per centr Oct 99.50, Nov 101.00, Der 102.00. U.S. No. 2 Soft Red Winter: Oct 102.25, Nov 104.25, Dec 105.00. Franch 117-12 per cent: Oct 132.00. English Feed, fob: Oct 110.00.111.50, Nov 112.00-112.50 Dayer/sellem. Dec 113.00 seller, Jan/March 114.00-114.50 buyer/sellem. Jan/March 114.00-114.50 buyer/sellem. April/June 117.50 seller Eact Coset. Makes: U.S. No. 3 Yellow/Fresch, transhigment East Coset; Oct 148.00. Barley: English feed, fob: Oct 148.00. Barley: English Feed, fob: Oct 112.50-113.00 buyer/sellem. Moctal. Nov 14.25 seller Scottish, 115.00 sellor English, Dac 15.50 seller, Jen/March 116.0-118.00 buyer/sellem. HGCA — Locational ex-ferm spot prices (including co-responsibility levy of £3.373 s fonne): Feed barley: Eastern 107.70. E. Midlends 107.60, The UK menstary coefficient for the week beginning Monday October 13 (based on NGCA calculations using four days' exchange miss) is expected to change to 1.253.

Wednesday's important EEC

US MARKETS

COFFEE FUTURES found

sugar tender. Soyabean futures continued lower. Sell-Soyabean ing was led by professionals and commission houses on forecasts of fair weather throughout the week, possibly allowing harvest activity to resume at normal pace.

CRUDE OIL (LIGHT)

RUBBER



LIVE CATTLE 40,000 fb. cents/it Prev 163.38 163.16 181.26 181.65 181.51 182.63 Crose High Low
Dec 164.2 186.0 164.0
March 174.4 177.2 174.2
May 180.5 183.4 180.4
July 183.2 183.4 180.4
Sept 182.4 185.4 182.4
Dec 187.6 189.0 187.2
March 195.0 196.4 195.0
PORK BELLIES 38.006 ib, cents/ib

Prev 14.87 15.12 15.13 18.15 16.17 - 15.19 - 15.21 Oct 147.8 148.5 147.5 1
Dec. 147.8 180.0 148.6 1
Jan 149.8 150.8 149.8 1
Jan 149.8 150.8 149.8 1
March. 151.2 152.0 151.0 1
May 152.6 153.0 152.1 1
July 153.1 153.5 152.8 1
July 153.7 154.0 153.0 1
Sept 153.6 153.5 153.0 1 HEATING DIL 42,000 US gallons,

E JUICE 16,000 lb, cents/ibs

Close High Low Prev March 259.0 260.0 267.0 282.4 268.2 269.0 107.69 106.50 106.50 May 269.0 269.0 267.4 261.2 109.00 109.28 108.30 107.65 July 256.6 289.4 266.0 248.5 109.55 109.95 108.30 108.30 5ept 288.0 260.0 260.0 111.05 111.70 110.00 108.35 112.00 111.90 111.85 110.50 SPOT PRICES—Chicago locus lard 112.46 112.00 112.00 111.50 111.50 cents per pound. Handy 112.46 112.76 — 111.50 cents per troy ounce. ORANGE JUICE 15,000 lb, conts/lbs

sometimes mom. Cayloos were well received and medium 200Fs often put on 6-8p, though brokess were still somewhat seglected. Brighter offshom tast were well supported at firm to desere mess. Quotations: quality 195p nominal (asme); medium 155p (163p); low medium 128p (125o).

FREIGHT FUTURES | Close | Nigh/Low | Prev. 785/725 786/780 856/830 740

Turnover: 216 (118). Close | Nigh/Low| Prev.

SUGAR

LONDON DAILY PRICE—Rew suger \$121.50 (684.00). uo 50c (uschanged) e tonne for Oct/Nov delivary. White suger \$173.50, unchanged.

Seles: 698 (1,877) lots of 50 tonnes.

Soles: 998 (1,877) lots of 50 tonnes. Tate and Lyls delivery price for present the self auger was £185.50 (seme) a tonne for augort.

International Sugar Agraneum—(U3 cents per pound fob and atowed Caribbean ports). Pricse for Oct 3: Oelly price 4.78 (4.64); 15-day average 4.71 (4.72).

PARIS—(FFr per tonne): Dec 11341 1136. Merch 1170-1171, May 1210-1218.

Aug 1250-1260, Oct 1250-1268, Dec 1315-1228.

Supply restraint galvanises minor metals

strong prices when demand is beolthy, what hope is there for them when the next cyclical downturn starts to hite? After what in most cases had been an extended period of historical low prices, the leading producers bave at last been stirred into action—and prices

Suddenly the minor metal consuming sector, long lulled into the bellof that tomorrow's metal will always he available more cheaply than today's, has more cheaply than today's, has the impact on prices was minor metals in which of labeen awoken from its slumbers, dramatic. After months of it had been a heavy seller.

Perhaps the most impressive recovery has taken place in cohalt, which in the space of four hectic days in early September rose from a low of the potential impact of sales the globe in North in the space of the potential impact of sales the potential impact of sales the potential impact of sales prices have firmed from \$2.30 to the potential impact of sales prices have firmed from \$2.30 to the supply contraction, chromium metal prices have firmed from \$2.30 to the supply contraction, chromium metal prices have firmed from \$2.30 to the supply contraction appears to the globe in North \$2.00 in early September for the supply contraction appears to the supply contraction appears to

whether the Africans engineered and orchestrated the temporary shortage for the purpose of spurring prices is uncloar. But it is certainly true that there remains no real shortage of cobalt—stocks on the ground in Africa are plentiful—it is simply the length of the pipeline to Europe which bas caused the supply dislocation. Theories diffor as to whether the move was triggered bas caused the state of the west of a number of missage on prices was in the west of a number of missage on prices was the west of a number of missage on prices was to the west of a number of missage on prices was to the west of a number of missage on prices was to the west of a number of missage on prices was to the west of a number of missage on prices was to the west of a number of missage on prices was the west of a number of missage on the west of a number of missage on the west of a number of missage of the west of the

FOR the producers of most minor, strategic and alloying metals 1986 bas in large part been a frustrating year. Demand has mostly beld up strongly—in some cases such as cohalt and molybdenum perhaps reaching record levels—but prices by a continued to languish of low levels, depressed by the twin influences of over-supply and a widespresd lack of conviction that commodity prices generally can rise.

But in the course of the past two months there have been cleer signs that the producers of these alling commodities bave decided that enough is enough. If they cannot achieve strong prices when demand is

By DAVID GILBERTSON

America, tha major producers of molybdenum, a vital additive at month ago and ferro-vanadium, allows the cool and pipeline steels, have to tool and pipeline steels, have measure of control over their market. After a prolonged a measure of control over their market. After a prolonged and months and the world's period of prices below \$3 a pound for oxide (a level well no longer supply customers' needs on the hand-to-mouth basis to which they had become accustomed. Whan Zambia, the second biggest supplier, followed up with an annonnocument of the past two months there have been cleer signs that the producers of these alling commodities bave decided that enough is enough. If they cannot achieve strong prices when demand is

By DAVID GILBERTSON

America, tha major producers of molybdenum, a vital additive at two of molybdenum, a vital additive of molybdenum, a vital additive at two of molybdenum, a vital additive at two of molybdenum, a vital additive at two of molybdenum, a vital and streets, have taked, have a prolonged and ferro-vanadium, and molybdenum perhaps treated to tool and pipeline steels, have taked and two old almost \$6 from below \$4 a month ago and ferro-vanadium, anterior of control over their market. After a prolonged and molybdenum perhaps treated in two old and pipeline steels, have also frrom below \$4 a month ago and ferro-vanadium, anterior of control over their market. After a pro ment thet from the start of October it will not sell below \$3.45. The steps have tightened the market considerably and there la now virtually no material available either from minority producers or merchant suppliers below the \$3.20 level

Meanwhile China, a signifi-cant producer of a number of minor metals, also seems to have receted at last to the low returns on its sales and bas cut

anti-dumping suit in the EEC against the USSR for alleged cheap sales. The Russians have this year emerged as large suppliors to the West, having returned to the market as net sellers of mercury for the first time in meny years. But even in mercury the pressure of low prices seems to be prompting the producers to rally round. At the ond of September Almaden announced that it was holding talks with Algeria with a view to taking concerted action to balt the price slide. Both are to decline to sell mercury on a spot basis while Responding to the supply the market remains at current

David Gilbertson is joint Across the globe in North \$2.00 in early September, ferro- editor of Matal Bulletin.

| Color Number Printment Course | Color Number Printment Cours SILVER

8pot 698,75p -1.85 396p -0.5 3 months 409,35p -1.69 406,5p -1 6 months 418,98p -1.75 - -12 months 440,85p -1.75 - -LME_Turnover: 77 (4) fote of 10,000 LIVE CATTLE

LIVE PIGS

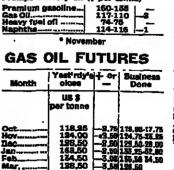
A slugpleh UK physical rearkst, drifting Outch futures due 10 s disappoint of continuing export Spure and the prospect of continuing export Spure and Local Spure and Loca

Auainess done—Whest: Nov 107.15-6.45. Jea 105.30-8.75. Mer 111.70-1.40, May 114.70-3.50. July 115.75 only, Septend Nov uotradad, Seles: 251 lots of 100 tonnes. Sarley: Nov 108.90-8.50, Jea 110.45-10.10. Mer 112.75-2.50, May 113.95-3.55, Rept and Nov untraded. Seles: 103 lots of 100 tonnes.

POTATOES

Oct 95.60 -0.70 | 106.70 | +0.50 | 108.70 | 108.70 | 108.90 | 95.60 | 108.90 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 | 95.60 |

CRUDE OIL FOR (5 per barrel) Oct.



PRODUCTS—North West Europe Prompt delivery oif (* per tonne)

Tunmover: 3,006 (3,290) lots of 100

COTTON

LIVERPOOL — apot and shipment seles for the week commencing September 29 amounted to 510 foness, against 1.407 tonnes in the previous week. Moderate demend breught purchases mainly in flussian, Colombian, Wast African, Chinese and Turkish descriptions.

EIS dainty ah de figur

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VALUE OF E STERLING

EWORLD VALUE OF THE POUND

Abbreviations: (A) approximate rate, we direct quotation available; (F) free rate; (P) based on U.S. duller parties and yoing starling-dullar rates; (T) tourist rate; (Bus) taste rate; (bg) buying rate; (Bt) bushers' rates; (cm) commercial rate; (ck) envertible rate; (in) fluorist rate; (ext) exchange certificate rate; (sc) non commercial rate; (nom) nominal; (o) official rate; (sg) salling rate; (c) controlled rate.

1	Afghanistan	Afghani .	99.00	G	Ced	209.163	Panette	Ballino	1.4390
1	Alberta	Lek	10.07	Gloralcar	Cibraltar &	1.0	Pappa New Guines	King	1.3933
. 1	PAPET VA.	Ofmer .	6.6672 9.3625	1 Erecce	Dractona .	192.57	Paragray	Guarani	/345.24 (30)
1	Autorra	French Franc Spenish Peseta	189.66	Greenland	Davide Krone E. Caribbean S	10.7950 3.89		irti	1884.68 (7)
٠.	Angels	Karacza	44.963	Grenade	Local Franc	9.3825	Peru	Philippine Peso	28.92 28.92
1	Antique	E. Carlobour \$	3.89	Court	U.S. \$	1.4390		(C Stadion	20.72
• 1	Arpenting	Austral	1.5495	Gosternels	Quetzal	[1.4390	Pitcaira Islands	New Zealand \$	2.8430
٠.	Arste	Florin	2.5902			l(F) 4.0134	Poland	2009	288.61
	Anthia	Australian S Schilling	2.2655 20.145	Gelma Bissas	Franc Peso	489.60 245.49	Paerto Rico	U.S. S	209.575
	ARDEES	Portoquese Escudo	209.375	Coyers	Gayanese \$	5.T480			1.4390
ì	The state of the s			Haki	Gourde	7,1950		Quant Ryal	5.2365
.	Sahareas	Bahama \$	1.4990	Honduras	Lempira	2.89	Reunion Isle de la	French Franc	9.3825
1	Balearic Islands	Spanish Peseta	0.5420 189.66	Hong Kong	H.K. S	11.2723	Romania	Leo	(cm) 6.18
٠,	Bangladeth	Take	42.88	Hampury	Forint.	67.04 (17)	Rwanta	Rwanda Franc	1(N/C) 15.19
4	Barbados	Bartados S	2.89	Inches	Icelandie Kross	58.04			
1	Belgieri	Belgion Franc	((on) 59.45	Iceland	(ndian Rappe	16.35	St. Christopher	E. Caribbens S St. Helena £	3.89 1.0
1	Selin	05	(fin) 60.00	Indoecsia	Replate	2355.625	St. Lucia	E. Caribbean S	3.89
1	Senia	C.F.A. Franc	2.878 469.13	(rm)	Rial Iraol Digar	109.25 0.4481	St. Plane	Locat Franc	9.3825
	Remarks	Bernadan S	1.4390	Irisk Republic	Punt	1.0520	St. Vincent	E. Carbbens \$	3.89
	Bhetan	Ngatuwa	18.35	Israel	Shekel	2.135	Samos American	U.S. \$	1.4390
	600/Y/3	Bollytan Peso	(o)2,753,280.0	120	Lira	1981.50	See Marino São Tomé & Principe	Italian Lira Dobra	1,981.50
	Botswerz	Pirte Cruzado	2.2649 19.86 (20)	Ivory Coast	C.F.A. Franc	469.13	Saudi Arabia	Saudi Ryal	53.79 5.3960
•	British Virgis Islands	U.S. S	1.4390	Jamaica	Jamaicas Dollar	T.7925	Senegal	C.F.A. Franc	469.13
ч	Brune!	Branel \$	3.1238	Januajca Januajca Jordan	Yen ·	221.50	Seychelles	S. Rupee	8.52
ı	Brigaris	Lev	1.3411	Jordan	Jordanies Diner	0.4905	Sierra Leone	Laone	(o) 42.554
4	Berros	C.F.A. Franc	469.13	Karacechea	Riel	WA	Singapore Solonson Islands	Singapore \$ Soloman is, \$	3.1238 2.6230
4	Burnel	Ryat Bernard Franc	10.4789 175.0	Kerrye	Kenya Shillion	22.85	Some Republic	Somali Shilling	51.80
3		Service P. Links	1/3.0	Kiribati	Australian \$	2.2655	South Africa	Rand	3.1823
1	Carractors	C.F.A. Franc	469.13	Korea (North)	Won	1.3527	Speig	Pesetz	189.66
	Caracia	Campallan S	1.9930	Korea (South)	Woo Kuwaiti Disar	1262.75 0.4215	Specish ports in	Peseta	189.66
. 1	Camery Islands Cape Verde Islands	Spanish Peseta Cape V. Escudo	189.66 128.459				North Africa	S.L. Rucee	40.68
1	Calyman Istands	Carrison Isles, S	1.2016	Laos	New Kip Lébense £	50.365	Sudan Republic	Sudan £	3.5975
Į	GOOL ALT. KEIDUDGC	C.F.A. Franc	469.13	Lesotho	Mainti	64.512 3.1823	Surinare	S. Cuilder	2.5686
1	Chad	C.F.A. Franc	469.13	Liberia	Libertae S	1.4390	Swaziland	Litageni	3.1823
١		Chilean Peso	280.57	LEVE	Libyan Dinar	0.4572	Sweden	Swedish Krena Swise Franc	9.8400 2.3300
	Chine	Renminbi Yuan	5.3774	Liechtenstein	Swiss Franc	2.3300			(A) (T) 9.0
	Comoro Islands	C.F.A. Franc	295,70 469,13	Leventhourg	Luxembourg Franc	59.45	Syria	Syrian £	L(cm) 5.6481
1	Congo (Brazza-Ula)	C.F.A. Franc	469.13	Marao	Pataca	11.6801		N	
1	Costa Rica	Colon	(U) 82.50	Madeira	Portuguese Escudo	209.375	Talwan	New Taken \$ Tae, Shillier	52.86 63.00
i		Cotour Peso	1.1556	Malagesy Republic	M.G. Franc	1034.50	Theiland	Bakt	37.38
ì	C)prus	Cypres £	0.7340	Malawi	Kwache	2.8120	Togo Republic	C.F.A. Franc	469.13
- 1	Czechosiowakia	de la contraction de la contra	(com) 8.50	Maleysia	Ringgit. Ruffyra	1.7790	Toron Islands	Palaoga	2.2655
.	C21CHOMP18C8	KOTUTE.	Nt 14.81 (T) 14.44	Mad Republic	C.F.A. Franc	10.0730	Trialdad & 7obago	Triplidad & Tob. \$	5.1804
٠Į				Malia management	Mattese £	469.13 0.5350	Torisia	Tunislan Diner	3.2349 (cg)
ı	Denmark ————————————————————————————————————	Danish Kroner	10.7950 250.0	Martinique	Local Franc	9.3875	Turkey	Turkish Lira U.S. S	993.58
	Parallelan	Dilbeoti Franc E. Caribbean \$	3.89	Mauritania	Ougulye	107.71	Tendra	Australian S	1.4390 2.2655
1	Dominicas Republic	Dominican Peso	4.2336 (7)	Masrickus	Mauritian Report	18.68			
1				Mexico	Mexican Peso	((F) 1121.31	United States	Uganda Shiffing	2000.0(15) 1,4390
1	Engder		(a) 210.74 (18)	Miquelon		1(6) 3082.90	United States Assessed	Uruguay Peso	232.32
ı			(F) 204.99	MORSCO	French Franc	9.3825	United Arab Emirates	U.A.E. Dirham	5.2870
. {	Egypt	Egyptine £	(1.0073 (IT) 1.98	Nagolia	Toorik	4.8286	USSR	Rouble	0.9780
1	El Salvador	Colon	7.1925	Markserrat	E. Caribbean S	3.89	Vanuate	Vatu	141.20
. \$	Equatorial Suines	C.F.A. Franc	469.13	Morocco	Dirlores	12.50 (5)	Varicas	Italian Lira	1981.50
1	Ethiopia	Ethiopiae Birr	2.97	Mozareblowe	Metical	(A) 57.67			(4) 6.19
ı	Falkland Islands		1.0	Namble	S.A. Rand	3.1823	Vереднеів	Bother	(5) 10.79
ł	Farce Islands	Canish Kroner	10.7950	Nauru Islands	Australian S	2.2655			(6) 30.26
ı	FIR lettereds	FR S	1.6685	Nepal	Nepalese Rupee	29.52	Vietnam	Dong	(e) 16.94
ı	FREE	Maridox	6.9865	Netherlands	Gulider	3.2375	Virgin Islands U.S	U.S. \$	1.4390
Į	P (Block	Franc	9.3825	Netherland Antities	Astillian Guilder	2.5902	Western Samoa	Tala	(A) 3.2360
í	French C'ty in Africa	C.F.A. Franc	469.13	New Zealand	N.Z. \$ Cordoba	2.8430	Yemen (North)	Rual	(A) 10.0660 (sg)
1	French Guiana	Local Franc	9,5825	Niger Republic	C.F.A. Franc	(o) N/A 469.13	Yemen (South)	S. Yemes Dinar	0.4939
1	French Pacific Islands .		167.0	Nigeria	Naira	7.50 (16)	Yugoslavia	New Y. Dingr	586.33
ı	Cabbon	C.F.A. Franc	469.13	Nigeria	Norwegian Krone	10.5300	Zaire Republic	Zaire	92.13
ı	Gambia	Dalasi	11.25 2.8625	Omen Selemete of		0.5530	Zambia	Kwacha	11.021
ŀ	Germany (East)	Ostroark Berdeele Mark	2.8625	Pakistan		24.30	Zimbabule	Zimbabwe \$	2.3675
ŀ		STATE OF THE PARTY.			- excess subcc	2430		-	

MONEY MARKETS Uncertainty ahead of money figures

UK INTEREST rates were a little lower compared with Friday but finished ebove the day's lows as sterling lost ground. Today's UK money supply figures were regarded as holding the key to money sentiment with recent comments suggesting that early forecasts may have been o little too beariah. However traders remained rather nonplussed, pointure of the price of around fator, without taking into account the morning help and the Bank gave additional assistance in the morning of £222m through outright in band 2 at 9H per cent and £226m in band 4 at 9H to 9% per cent.

UK clearing bank base lending rate 16 per cent since May 22

Oct 6

TICAGO

UK clearing bank base lending rate 16 per cent since May 22

ting out that while starling remained weak and market confidence remained low, there was still little change in sentiment.

Three-month interbank money finished at 10½ 10½ per cent, up one eighth of a point from earlier in the day but down from 10%-11 per sent on Friday. Overnight money started et 8½-8½ per cent and touched a high of around 13 per cent before finishing at 7½ per sent.

afternooc of £107m through outright purchases of £74m of eligible bank bills in band 2 at 9½ per cent £23m in band 3 at 9½ per cent. Late help came to £50m, making a total of £339m.

In Frankfurt the Bndesbank in announced its intention to offer the fresh liquidity to the money market through two sala and repurched and touched a high of around 13 per cent before finishing at 7½ per sent.

\$2.64 \$392 54.592 11-134 \$4.49 \$2.102 7-74 64-73 \$4.44 \$92.40

Sw. Franc Dentschwark Fr. Fepite Italian Lire ... Q. Fr. (Fin.) ...

104.107 512-512 52-76 52-76 52-76 52-76 11-11/2 72-76 10-10% 512-512

1011-1011 512-512 512-513 512-513 512-72-73 612-72-73 612-73 72-73-73 612-512 72-73-73 612-512

10.40% 5%4 8%-8% 5%-6% 5%-6% 5%-6% 5%-6% 7%-10% 7%-7% 11-7% 7%-7% 11-7%

Oct 6 E 'S DM YEN FPr. SPr. H.FL Lies CS OF. 1 1.679 2.863 221.5 9.363 2.230 3.236 1962 1.999 97.65 0.445 1 1.990 154.05 6.520 1.620 2.250 1377 1.365 41.30

F Pi. 1.066 1.534 3.051 234.1 10 2.483 3.451 2112 2.124 68.36 S Pt. 0.429 0.638 1.229 95.06 4.027 1 1.589 850.4 0.855 25.52

per cent before finishing at 7½
per sent.

The Bank of England forecast of stortage of arosod £250m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £395m and Exchequer transactions a further £35m. In addition banks brought forward the part of the part

MONEY RATES 4.45-4.66 73-73-34-34 53-53-4.71875 103-114 74-74 4.45-4.60 73-712 33-4 54-53-4.84375 103-1114 7-470-410420 714 7-114 52-54 465625 104-114 625 94-10 FT LONDON INTERBANK FIXING 64 5 1 Offer 5 12 bid 5 th Offer 5 th The finding rates are the arithmetic means, rounded to the nearest one-extrement of the bid and officed rates for \$15m quoted by the market to five reference basics at \$1.00 a.m. each working tay. The lamics are National Westminster Basic, Bank of Tokyo, Deutsche Basic, Banque Nationale de Paris and Morgan Gearanty Trust. LONDON MONEY RATES

Ciosa High Low 97-04 97-17 96-30 96-07 96-13 96-13 96-17 96-13 96-13 10 Volume 3,857 (6,569) 1 day's open int. 6,367 (6,333)

CURRENCY FUTURES

COUNTRY

CURRENCY

night. Interheek
Steriling (Db.
Local Aetherity Deposits
Local Aetherity Boads
Discount Market Deposits
Company Deposits
Firance House Deposits
Fire Trade Bills (Bay)
Delier Cb.
SDR Linked Deposits
ECU Linked Deposits 72-13 84-84 g, q, 7-10 10% 10% 11 10% 10% 11 10% 10% 10% 11 10% 10% 10% 10% 11 11 5.705.75 5455.70 5855.90 64.64 64.63 74.74 74.72 74.74

Treasury Bills (sell): one-counth 10% per cent; three-mooths 10% per cent. Back Bills (sell): one-month 94,-10 per cent; tisree months 10% per cent. Treasury Bills: Average tander rate at discount — £060 Fixed Finance Scheme IV reference date August to to September 2 (inclusive 7,960 per cent. Local Authority and Finance Houses seven days soller, others seven days freed-finance Houses Bace Rate 10 per cent from October 1, 1986, Bank Deposit Rates for some strength of the days notice 4,35-4,375 per cent. Certificates of Tax Deposit Scripts 61: Deposit EXUDO 2nd overheld under one month 92 per cent; one-three months 94 per cent; three-six months 10 per cent; from old months 94 per cent; three-six months 10 per cent; from September 23. Deposits held under Series \$ 104 per cent. Deposits withdrawn for cash 5½ per cent.

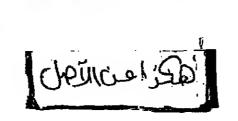
H FL 0.307 0.444 0.804 68.42 2.898 0.720 1 Lira 0.505 0.726 1.445 111.8 4.735 1.176 1.634 C\$ 0.502 0.722 1.486 111.1 4.708 1169 1.624 0 Fr. 1.682 2.421 4.815 372.6 15.78 3.919 5.446

The table below gives the latest available rate of exchange for the pound against various currencies on October 6, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from these of foreign currencies to which they are tied.

These is the transfer market (controlled). \$\frac{1}{2}\$ Now one official rate. (1) Especial goods. (2) Preferential rate for priority imports such as foodstaffs. (4) Preferential imports. (5) Preferential rate. (6) Free rate for lessary imports, remittances of money abroad and foreign transc. (7) Parallel rate. (9) Bank for exports. (14) Nearly all business transactions. (15) Uganda, August 24; Single Exchange Rate Introducted. (16) Higoria; September 26; Two Tier Currency R Hungary; September 25; Forist Devaked by 9%. (18) Ecuator official rate accepted 33.2% August 20, 1986. (19) Guinea Republic:—frans, new exchange rate associated equals 1,000 cruzeiros.

Correction for September 29, Urugusy Peso, 235.06.

44 BRITISH FUNOS	1 AMERICANS—Cont.	,	<u>.</u>	Financial Time	s Tuesday October 7 1986
"Shorts" (Lives up to Five Years)	1996 Low Stock Fries + or Give Cyr Dri	LONDON SHAR	E SERVICE	1986 Sinck Price - Not Christe 139 149 149 159 159 159 159 159 159 159 159 159 15	106 107 108
99.1 967 Enth. Page 1965 99.2 127 9.51 1025 1000 Enth. 13 are 1967 1	370 284 Desirated New York 30	BUILDING, TIMBER, ROADS—Cont 1996 High Law Stack Price - Not 1774 Price -	Law Stack Price - Nat Christ's PIE	## 105 105 Immediate Nation 176 107 10	150 Lopindor (A.E. P) (de) 185
100 90 Tean 12 1987 1007 mm + 11.90 11.17	25 144 Direct Projectives \$10.625 347 348 349 355 355 356 356 357	588 452-26stato Group	74 Superior Str. 10p	95 61 Brandy 109 47 22 42 35 72 426 7	4 James, Sr. Esp. 19
99. 923 Treat Tage 1995-9835 953-44 327 10.94 10.94 10.95	335 199 12tz Geograf 199 2	108 63 Erits 106 Faither 100 156 145 72 34 134 134 134 134 134 134 134 134 134	57 Time Prod. 250 78 + +5 12.0 2.7 3.3 3.5 3.6	145 34 Branspron Irin 50 450 1 10.3 0 2.8 0 32.2 34 15 Brans Eq. 100 500 0.5 1.6 2.3 31.6 50 25 Bracke Fool 50 38 43 11.25 3.9 4.6 7.6 100 11 19 Brown Lobes 27 42 2.6 2.1 13.2 35 175 Bellandy 20 277 48.2 2.6 2.1 13.2 378 23 1.1 100 30 0.9 2.5 4.3 10.6 388 23 1.1 100 30 0.9 2.5 4.3 10.6 389 25 1.5 1.0 2.7 4.7 10.9 380 25 1.0 1.0 2.7 4.7 10.9 381 382 383 383 383 383 383 383 381 23 1.1 100 300 0.9 2.5 4.3 10.6 382 383 383 383 383 383 383 383 383 383 23 1.1 100 300 0.9 2.5 4.3 10.6 384 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385 385	365 BET 378 +3 160 15 60 138
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849 799 799 7798 840 1987 905 94 +7 1022	321 24 Sillette S1	80 44 Newtes Start 10p 67 -1 1,7 3.0 2.6 11.8 1216 5130 Do. 10pcin, 03-08 5132 100 - 15.6 -	ELECTRICALS	50 C7-Crostin Group 56	5105-Barter 7rst. USS1
90 23 Finding Size 37-911 277-9-1 457 9-21 80 79-17ets Se 1991e 79-1-1 136 8-48 Five to Fifteen Years	1179 877 ISM Corpt \$1.25 903 - 13 \$4.40 - 33 195 12 12 12 12 12 12 12 12 12 12 12 12 12	176 127 Botock Johnson 172 1 1918 25 40 128 106 115 90 Wilstid Amer Con 55 1	65 MMS init 5p 85 12.0 13.4 34 64cm contribute 200 12.5 12.0 13.4 34 64cm contribute 200 12.5 12.0 13.4 34 64cm contribute 200 12.5 12.0 13.4 34 1.0 22.7 10 64cm Ext Desp 5 2 2 2 2.0 (3.7) 4 5.6 4	299 160 Delta Group 162 +2 16.9 28 5.7 8.7 90 283 190 Delta Group 20 42 8.0 25 42 13.6 163	320 Beecham 418 +12 120 1.6 40 187 19 Benion 10p 44 -1 71.1 11 35 36.8 80 Berkious 100 106 +5 528 - 425 10 35 75.7
		110 568 Listage Con. F100 S152 NG 1259 L5 1.6 42.2 285 4 465 276 Listag Listag 3 344 171 72 18 18 18 18 18 18 18 18 18 18 18 18 18	00 (August If graphics Sp.) 253 -2	98 32 Mcade	22 100-011100 173 353 35 44 129
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1265 1064 Verse 122,6 1 1995 11.24 11.75 11.24 11.75 11.24 11.75 11.24 11.75 11.24 11.75 11.25 11.75 11.25 11.75 11.25 11.75 1	293 193 Pall Corp. 25c 24d 1 12 11 1575 25c 25d 1 15 11 11 11 11 11 11 11 11 11 11 11 1	900 308 Montes (1) 380 4 MA,0 22 6.0 12.3 11.0 12.0 12.0 12.0 12.0 12.0 12.0 12.0	96 Burges Products 298 M25 44 35 226	440 22 Change & Firth 10p 31 -by 6-4 101 1	155 Herk Blootstock 155 82 8 0.0 7.7 5 50 Herk Isl Arvays 10p 57 62.82 21 7.0 7.9 97 Brits. Synhol 20p 108 43 444.0 33 5.2 (8.8) 196 British Vitz 338 42 47.0 5.1 29 14.4 92 8.4 Prop. \$41.0 6
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1391-1711-2 (Years, 13er-2000) 217424-2 [11.421 11.01]	38 274 Sm Co. Inc. 31 37 4 st + 1 3 3 2 7 4 st + 1 3 2 3 2 7 4 57 17 18 V inc. 214 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	191 134 Resty P. Comest 155 16A 17 59 118 130 1	5 Da. 7-get Cart Cart P1 207		74 PCCA Galleries Idp. 96 +3 LLP 52 33 1226 43 CM Indexits 10p 87 +1 L 27 39 BBD 130 HCVD Inc. S0.01 245 60 MCCAN EARTHON 50 88 424 43 67 1122
10.5 Per 10.	27 215 Transverta 51 23 2 m + 6 2 m - 15 22 15 17 assert to 20 5 m - 15 18 10 10 10 10 10 10 10 10 10 10 10 10 10	514 344 Tarmac 500 416cd 19.4 3.0 5.2 14.6 76	2 Compression 100 145 42 301 4 74 4	216 140 Helfi Christ 140 141 7.0 25 7.0 0.53 150 154 92 Herman-Tools 149 155 1.7 5.2 14.2	85 (Cannon St.lars Zip 144 +1 11. 3.7 3.5 (28) 27 Capuro (nd 43-pt -2p; 144 -1 3.3 3.5 (28) 2
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78 frees. Sec. 2002-06; 909, 91,33 1 925, Control Sec. 2006, 944, 10,43 1054, Frees. 12-sec. 2003-07, 1004, 14, 10,67 11,1817/1709-11,18-nc 704,08	3050 2339 Wiltonianier Res. 276p +19 1074(820) Cin.limp.th, \$2 220pad+21 486 - 2.8	120 120 Westbury 100 157 1 RA 151 37 125 50 3 66 67 Westbury 100 64 1 115 24 19 249 660 155 61 Wilson Group 153 61 61 61 61 61 61 61 6	7 Donding & M. 100 43.04+1 1.58 2.4 3.4 10.6 5 60.000 Highs 50 420 12 29.5 10.6 10.6 10.6 10.6 10.6 10.6 10.6 10.6	760 111 SPP 10 111 -2 H1.25 22 67 107 210 1	23 (Colorgeo hic \$0.01) 35 +5
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### ##################################	577p 500p Winland Nat, Get \$1	*164 108 Breat Chems 109 142 +5 H4.6 19 4.6 15.0 +54 2 97 58 Brit. Bernel 100 87 19.3 464 199	0 First Security 100	78 32 [1/2004] Turker 465	72 (0.Y.) 50 — 202 +1 33.4 2.8 2.4 2.14 50 bas 8 Bones 50 — 75 (2.5 1.5 4.7 20.2 33 bas 8 Bones 50 — 315 bill 2.1 4.9 11.3 4 bas 6 pa 10a — 41.8 102.4 1.6 82 107.4 17 bath tee 5a — 213 6.40 1.9 2.7 28.0 211 525 3.5 1.3 1.3 2
1224 1084 10. 2e ⁺ % (267.9) 116344 3.71 4.07 1074 994 10.2e ⁺ % (308.8) 100 +4 3.83 4.07 1074 995 10. 2e ⁺ % (308.8) 100 +4 3.83 4.07 100 100 100 100 100 100 100 100 100 1	239 125 Writy Corpt 1339 -2 B 6.4	305 246 Casifte Group 2267 +1 7.5 3.4 4.0 10.4 10.5 7 14.9 135 Caster Bros. 344 4.0 2.9 4.0 10.2 506 27 14.0 10.1 10.4 14.0 10.1 10.4 14.0 10.1 10.4 14.0 10.1 10.4 14.0 10.1 10.4 14.0 10.1 10.4 14.0 10.1 10.4 14.0 10.1 10.4 10.1 10.1	0 Pricovire Warres 11 22 4.6 (2.8 (0.8) 10 10 10 10 10 10 10	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	83 115 83 115 83 115 83 115 85 85 86 9
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(2) 5%, (b) Figures in parentheses show RP1 base worth for indexion, le 8 months prior to issue, RP1 for Jamesry 1966; 379.7 and for August 1986; 365.9. INT. BANK AND O'SEAS	1.33 Such i reland (r.f.) 178 178	452 333 Hidden let 50p	Microst Systems	FUOD, GROCERIES, ETC 31 31 30 29 165 252 165	13. HCooker Hidgs 109 38 113 00.25 4.9 12 24.3 10 10 10 10 10 10 10 10 10 10 10 10 10
111 991-deise Ge 8t 100-pct 2010 2010 111 11.52 11.61 11.60 11.61	466 365 Bark Scotland £1 429m 114.0 3.6 4.6 0.6 599 433 Barchys £1 464 +2 118.6 4.0 3.6 6.2 46 32 Benchmark 200 57 16.3 6 6.3 6 700 40.0 Brown Subjey £1 506 9.9 2.6 6	ELL 172 Imp. Chest. El ELL 149 1930 28 42 • 920 12	Leptom in: SUUI	64 238 Ass. B-h. Pot. Sp. 360 611 3.8 29 12.2 £111-3 8	15 See No. 10 173 141 175
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1011 102 14 ac 1987	173 91 English Trest 173 03.07 2.8 2.4 193 212 142 First Mat. Flu. 100 172 -2 1028 4.4 2.3 10.4	100 62 Residual Ridge 188 47 725 11 35 141 153 13 13 14 128 Residual Ridge 187 127 128 128 128 129 129 127 127 127 127 127 127 127 127 127 127	#Micro Fous 10s	28 10 48io-isotate; 10p 10 215 1 60 32 Bardwick (Thus, 10p 58 40.5 5.5 ± 14.2 410 3	10 Do. 57% Red. Pref. 138 534 51 16 17 17 17 17 17 17 1
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MESCAY OCIONO

were lower ecross the board reflecting another unsettled performance by the poud. Losses

wich rose sharply last week following hullish reports from tha

Gebeit prospect

Option Option First Declara- Last Account Dealings tions Dealings Day Sept 15 Sept 25 Sept 26 Oct 6 Sept 29 Oct 9 Oct 10 Oct 20

investment recommondation

pnt oo 13 ot 887p and Legal and General improved 8 ot 241p. Electronics group Radamec mado a quiet dobut in the Unlisted Securities Market, tha

price fluctuating narrowly prior

Recently depressed leading Buildings staged e tentative

recovery as interest rate anxieties

ahead of US presentation due later this week and firmed a cou-

ger dividend.

The announcement that Cable

system for Japan induced renewed support for the shares whichadvanced steadily to close

17 up at the day's best of 304. Other Electrical majors performed well with Thorn EMI to the fore at 469p,

rai Accident, at 802p, GRE at 782p. Ecyals, ot 772p, and Sun Alliance, ot 662p, all closing 8 highor. Life issues also fared well. Sun Life London's financial securities marts took heart from strong hints in the financial press that UK money supply data, due at 230 pm today, will prove more favourable than expected, and thus reduce pressures for higher domestic interest

The Government Broker was oble sell some of all three of the new "taplet" stock announced on Friday, although demand for long-dated gilts soon died sway, Turnover in equities was thin, but blue chips moved up sharply.

The suggestions in the press that eased. Most stocks managed we City forecasts of 3 per cent growth in push forward a few peoce sterling M-3 would prove "much too although business was at ehigh" strengthened the market's relotively low abb. Redland conviction that pressures for higher attracted occasional interest ahead of US presentation due rates will be resisted firmly as the Conservative Party conference upfolds this week. Weakness in ster-ling was offset, from the market's

Conservative Party conference later this week and firmed a couppilots this week. Weakness in sterplie of pence to 373p. Blue Circle, ling was offset, from the market's point of view, by further belp from the authorities for the domestic money markets.

Government bonds opened ¼ to ½ point higher, and the new taplet stocks were operated at mid-session. Small amounts of the 10pc Tressury disappointing interim results, but Touriff improved 4 to 160p following pre Tressury Conversion et £88% to the same that the same t Conversion were sold at 195%, of the Tarriff Improved 4 to 180p followproved 2 to 180p following the return to profitability at and of the 8pc Treasury 2009 at 280%.

But gilt-edged then list impetus, and by the close, long-dated issues were neved up 13 to 131p in reply to nowsletter commant, but last in the shorts had been trimmed to week's star performer Helical Bar 4s. The FT Government bond Index ended 0.01 down at 82.7.

The stock market looked very firm, but traders wore quick to port at 182p. up 6.

firm, but traders wore quick to port at 1820, up 6. warn that trading in meny stocks Chomicals presented a genwarn that rading in menty stocks was thin, and tha City will be waiting keenly for today's money supply deta. Tha FE-SE 100 index closed 16.1 up at 1578.9, at virtually the day's best. Tho FT Ordinary Index, at 1251.2, showed a gain of 17.2.

a gain of 17.2.
Thore was further domand for and Wireless are part of a consor-tium examining the feasibility of establishing an alternative international telecommunication Beecham as further meetings were scheduled with brokerage analysts and the investment press But the strongest gains came in such stocks as Fisons, Reuter and Saachl and Saachi, all noted for saled and saled an index for being narrow markets on occa-sions. One doaler commanted that, on seaking to deal in 10,000 Reutor shares, he was quoted o prica in only 2,000.

Reutor shares, ho was quoted o prica in only 2,000.

Kleinwort Benson up

A week-end Press report that Kloinwort Benson Is on tho verge of zelling part of its near-42 per cent stake in M & G Gronp, one of the UK's largest fund managers, left Kleinwort's 10 bigbar at 475p, telsewhere In morehant banks, Mercury Internatianal forward 5 at 300p, but Hill Samuel relinquished thet much at 325p. The at 300p, but Hill Samuel relinquished that much at 325p. The recedity dull Morgan Grenfell secondary Engineerings, rising 20 and Spencer, 195p, and Harris secondary Engineerings, rising 20 and Spencer, 195p, and Harris to 180p in response to press comment. Brooke Tool also reflected ment, but a the sector's recent shake out, put on 7 to 300p, after 303p, beat, Marks and Spencer, 195p, and Harris Queensway, 212p, rose 6 opiece, while Storehouse, hit hardar than newspaper mention with a rise of 49½ to 47½p and the sector's recent shake out, put on 7 to 300p, after 303p. Sears, scheduled to reveal interim figures today, improved a few in Hampson Industries. Hallite put figures today, improved a few ended 10 lower at 153p following ments—regarded as rather unin-ments—regarded as rather unin-ments—regard

Markets more hopeful ahead of money supply data with

after profit-taking. Elsewhere, Equity and General firmed 2½ to equities higher in thin trading 281/2 after 29p, in response to an Composites revived with Gene

	F	INAN	CIAL	TIME	S ST	DCK 1	NDICE	S		
	Oct.	Oct.	Oct.	Oct.	Sept.	Year	19	86	Since Co	impliation
	6	3	2	1	30	290	High	Low	High	Low
Government Secs	82.74	82.75	82.30	82.63	82.89	84.16	94.51 (184)	80.39 (202)	127.A (9/1/35)	49.18
Fixed Interest	90.00	189.98	190.25	190.10	189.98	98.98	97.68 (7/1)	86.55	105.4	50.53
Ordinary 🛡	1,251.2	1,234.0	1,246.0	1,251.7	1,227.0	1,002.4	1,425.9	1,094.3	1,425.9	49.A (26/6/40)
Gold Mines	316.2	328.6	317.2	321.5	319.0	287.A	357.8 (22/9)	185.7	734.7	43.5
Ord, Div. Yield	4,44	4.49	4.45	4.43	4.52	4.71	14.2		TIVITY	12010111
Earnings Yid.%(fpil)	10.18	10.30	16.20	10.17	10.37	11.52	le:	Sces	0ct. 5	Oct. 2
P/E Ratio (net) (*)	12.04	11.91	12.02	12.06	11.83	10.74		Bargaios		
Total Bargains (Est)	20,940	22,126	21,426	22,147	20,720	21,718	Equity Bary	Bins	1121	126.4 121.5
Equity Turnover Em	-	445.02	531.22	459.22	663.64	535.58	5-Day Ave	e	899.5	1073.7
Equity Bargains	_	17,308	18,749	17,729	18,307	25;432	Gilt Edged	Barwains	131.8	131.5 122.5
Shares Traded (mi)		212.7	248,2	213.1	281.4	179.5	Equity Barg Equity Valu	e	115.8 1071.9	122.5 1193.7
	10 a.m. 1242.6		a.m. 15.7	Noon 1248.8		p.m. 250.6	2 p.m 1251	3	p.m. 250.9	4 p.m. 1250.3
Day's High 125 Basis 100 Gort. Secs 1					. Gold Min	nes 12/9/55	SF Activity		-11.56. #04	rections
							TEL 01-2		-11.56. †Co	rrections.

leadars, GEN moved up 3 to 254p and Hawker gained 4 at 441p.
The Food leaders moved higher following e squeeze on professional bear positions. Cadbury Schweppes, boosted by US demand, firmed 4 to 177p and Rewntree Hackintesh gained 5 to 390p in sympathy. Press comment induced support for United Biscuits, 4 better et 222p and ASDA-MFI, the same amount higher et 154p. Bright spots omong the mri, the same amount nigher et 154p. Bright spots omong tho second liners included Cheshfre Wholefoods, 12 np ot 212p and Meat Trade Suppliers, 7 dearer at 120p. Grand Metrapolitain were strong amid vaguo hid rumours and o

amid vague hid rumours and o sizeable traded option husiness, the price touched 438p prior to closing a net up at 433p. Trusthouse Forte, dull on Friday following the referral to the Monopolies Commission of the acquisition of certain cataring interests from Hanson Trust, rallied 3 to 153p. Crusts hardoned e penny to 110p following Friday's agreed share-exchange offer, worth some £8m, from Kennedy Broekes.

Stores improve Hopes that a rise in bank hase lending retes can be avoided—at least for the time being—stimulated a reasonable business among leading Stores. A tentative rally at the ontset gathered pace, helped in some places by favourable comment in the weekend Press, and most counters finished at or around the day's best. Marks and Spencer, 1959, and Harris Queensway, 212p, rose 6 opiece, while Storehouse, hit hardar than most in the sector's recent shakeout, put on 7 to 300p, after 303p. Sears, scheduled to reveal interim figures today, improved a few among leading Stores. A tentative

240p, while recovery prospects alded S. R. Gent, finally 6 up ot alded S. R. Gent, finally 6 up ot 56p. 8. Casket bardened tha turn to 57p following news of a boardroom resbuffle and confirmation components, Dewty were supported and its 5.18 per cent stake in the company. USM-quoted Smallbone advanced 10 to 165p following details of the proposed ocquisition of And-So-To-Bed, a specialist retailer of beds and bedroom furniture. Charlie Strewns Car Part Centres, also quoted on the USM, rose n couplo of pence to 165p in 314p. Centres, also quoted on the USM, where rose n couple of pence to 165p in 314p. response to the preliminary

report that o management buy-out team could soon emerge as buyers of tha group's international bomo improvement business. Glazo rose 7 to 950p and Filkington eppreciated 10 to 438p; the latter following suggestions that Owens-Corning Fibreglass of the US is an course to acquire two of the group's sobsidiarles. Rank organisation attracted late US control of the company passed to support and closed 22 higher at the day's best of 499p and Boots improved 4 to 232p, the latter with the help of Press commant. Elsewbore, Ecuters revived 12 to 496p and Hestair reflected bid hopes with a rise of 13 to 161p. British Aerespace, a strong market last Mr Wray intends to place some of

Awaiting the lounch of the new XJ series, domestic and US inves-

response to the preliminary results.

Beecham better

Beecham were once again promineot among the miscellaneous industrial leaders, rising 12 to 418p following 0 weekend Press report that 0 management buy-out team could soon emerge as buyers of tha group's internetionoi bomo improvement business. Glaza rose

Acrespace, a strong market last Mr Wray intends to place some of week on bopes of substantial his stake with associates. Elsebenefits arising from the Airbus whore, occasional buying interest industrie/Northwest Airlines air-lifted Great Portland Estates 6 to bus deal, gained 11 more to 476p. 164p and left Property Holding and Noble and Lund added 8 to 118p on Investment 5 dearer at 142p. Noble and Land added 8 to 118p on Investment 5 uses.

Noble and Land added 8 to 118p on Investment 5 uses.

Speculative support and Biack Edinburgh which rose 15 to 865p, elosed 18 to the good at 396p.

Still boosted by the "Phanton of was forthcoming for Phasix Propulative Support and Phase 12 to 403p.

Still boosted by the "Phanton of was forthcoming for Phase 12 Propulation of the further 12 to 403p.

Milford Docks continued to fluctuate, and on this occasion

performance by the poud Losses among heovyweight Golds extended to over 2 points as in Randfontein, 263%, while Western Deep fell 1% to 27%. Smaller-priced Golds showed Blyver 25 off at 360p and Grootylei 14 cheaper at 269p. The FT Gold Mines index cosed 12.4 points off at 316.2.

in Textiles, rising 6 to 283p. S. Jernsere were similarly higher of 22p following good first-half results and statement that the group will achieve further record profits this year.

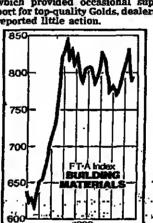
Talk that Rethmans were negotiating a Canadian deal with Philip Morris conpled with 0 broker's "buy" recommendation, aroused persistent buying and the shares jumped 9 to 148p.

Speculation that Belzberg family interests were still making overfures to the Bank of England for permission to increase their improved 13 to a year's peak of and steady base metal prices. Con-selidated Gold Fields, still sur-rounded by vague hid chatter, improved 13 to a year's peak of for permission to increase their stake in Exce to over 10 per cent the price rose 5 to 235p. Mercan-tile floure put on 7 to 250p.

604p, while RTZ put on 8 to 667p. Greenwich Resources, in contrast, dipped 8 to 136p following news that Prudential has reduced its holding to 6.88 per cent; Green-Oils mark time
The Oil majors fluctuated narrowly awaiting news from the Opec meetings which started yestrday in Geneva. BP were finally e coupla of pence dearer at 683p, bot Shell closed o few pence cheaper at 903p, having ben down to 903p ot one stage. Late demand left Briteil 2 firmer at 125p, but profit-taking in the absence of any bid cnt 7 from IC Gas, et 463p. Elsewbere, Cluff Oil jumped to 56p following comment on its Zimbabwe gold discovery before easing back to close 2 cheaper on balance at 45p, Irish explorer Conroy attracted support and rose 15 to 200p.

Polly Peck went with the general trend to close 5 np at 150p. Planta-tions drew scattered inquiries and Grand Central improved 4 more to 80p, while Highlands and Lewlands added 3 of 52p. South African mining markets

south Aircan mining maracis traded in extremely subdided fashion. A slightly easier opening in Johanneshurg—tha Rand's fir-mer showing against the dollar, which reduces tha domestic value of gold exports, inhibited foreing participation—set the tone for husiness valua in other major centres. Apart from Switzerland which provided occasional sup-port for top-quality Golds, dealers



176p, while Great Victoria, the subject of persistent "call" option business recently. option business recently improved 3½ to 48p. Newsletter comment lifted Thames Mining

1½ to 19½p. Traded Options Traded Options attracted 20,560 contracts—15,767 calls and 4,793

puts. As on Thursday of last week, operators centred their attentions on Grand Metropellian which attracted an extremely lively business amid fresh speculetion of an impeoding hid; GM recorded 3,097 calls, of which over 2,000 were transacted in the October 420's. Boots were also ective with 1,045 calls and 223 puts struck. The FT-SE 100 contributed 511 calls and

Traditional Options

- First dealings Oct 6 Oct 20 Nov 3
- Last dealings Oct 17 Oct 31 Nov 14
- Jan 8 Jan 22 Feb 5 For Settlement Jan 19 Feb 2 Feb 16

Unit Trust Service

Money was given for the call of Blackwood Hodge, Cluff, York and Equity, TV-am. Norfolk Capital, Glanfield Lawrence, Pearl, Fergabrook, Sandell Perkins, Abaco Investments, Riley Leisure, Raine Industries, Fine Art Developments, Britoil, Boots, Tozer Kemsley and Millbonrn, Gilbert House, Epicure, Ernest Joness (Jewellers) and F. J. C. Lilley, A pnt was done in Fair-Gebeit prospect.

A strong overnight tona from and Equition and Equition Melbourne—Sydney was closed for the Lahour Day holiday—stimulated good demand for Australian mines. Western Mining led tho way and rose 8 to 215p, while CEA, 342p, and Nerth Broken Hill, 116p, put on 4 and 5 respectively. Golds also farred well with Pesciden 9 np at 193p and Geld Mines of Kalgoelic 15 to the good at 663p. ACM spurted 14 to reported. Lilley. A put was done in Fair-line Boats, but no doubles were

YESTERDAY'S ACTIVE STOCKS FRIDAY'S ACTIVE STOCKS RISES AND FALLS YESTERDAY British Funds Corporations, Dom., and Foreign Bonds Industrials **NEW HIGHS AND LOWS FOR 1986**

MEW HIGHS AND

MERICANS (2) Colc land, Sperry Corp. CANABIANS (1) Colfasti Gold Inland Natural Gas.
BIANS (2) Editart Gold Inland Natural Gas.
BIANS (2) Easter Cerotal BUILL BINNS (2) Angle
Secure Homes, Conter Group. CHEMICALS (1)
Residvoid, STORES (3) Brown (C) Car, Danishi, S d.
Stores, E.J.ECTIBELAS (4) Aphametic, Deckpoint Europe, Cray Electronic, Red Time Control.
BERLIKERIERIES (2) Hampson (nd. F800S (1)
Mesty Trade Suppliers. BOTTELS (2) Crass, Grand
Metropolicus, BIBUSTRIALS (7) Anna Rubber,
CCA Galileries, Cathly Pracific, Fleister Challenge,
Chodgen, Pred, Midgs, Wedgemod, LETSURE (4)
Gilbert House [ant, Hardanger Prop., led Income
Prop, Southead Stations. TEXTILES (1) Jerome.

TRUSTS (3) German Souther Int, Greenting (a)
Keystone (m., Pacific Assets Trast, Rorento NV.
Real Metapolism (d.) Corvo Pet Rat Res. Peterfolal
Sa. BVEESEAS TRABERS (2) Cons Wilsons, Same Durby, PLANTATIONS (3) Corvo Pet Rat Res. Peterfolal
Sa. BVEESEAS TRABERS (2) Cons Wilsons, Same Durby, PLANTATIONS (3) Corvo Pet Rat Res. Peterfolal
Sa. BVEESEAS TRABERS (2) Corvo Metapolar Int.
Same Durby, PLANTATIONS (3) Corvo Pet Rat Res. Peterfolal
Sa. BVEESEAS TRABERS (2) Corvo Mines Same Durby, PLANTATIONS (3) Corvo Pet Rat Res. Peterfolal
Sa. BVEESEAS TRABERS (2) Corvo Mines Sa

EUROPEAN OPTIONS EXCHANGE

7.50 16.208 16.11 58.3 1.90 0.70 3.10 5.25 8.40 11.75 15.80

7.50 5.30 3.50 2.70 5.50 8.20 10.50

\$360 \$370 \$400 \$420 \$440 \$460 \$380 \$400 \$420

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		These				_				ND of the			mes.		
										aculty					
	EQUITY					Mon	day	Oct	ober (1986		Fri Oct	Thur Oct	Weds Oct 1	Year ago
	& SUB-S	ECTIO	ONS									3	2	1	(spprox.)
F	gures in parenthe	ses show	minher	of [Γ.	F2	SL	Gross Div.	Est. PrE	ad adj.				
	stocks pe			10	ndex No.	Day Chan %	s Yi	mings std% lax.)	Yield% (ACTat 29%)	(Nec)	1986 to date	Index No.	lodex No.	Index No.	Index No.
1	CAPITAL SCOO	5 (211) .	***********	65	0.91	+2.3	. '	9.41	3.91	13.50	13.91	643.79	649.34	651.04	514.47
2	Bullding Materia Contracting, Con	k (27)	(30)	74	12.91 24.80	+0.2		9.76 8.30	3.94	12.92	16.34	736.66		746.61	
4	Electricals (12).		,	/165	91.06	+0.7		1.50	4.14 4.95	15.26	26.43 40.67	1127.28 1678.63	1685.11	1143.89	857.90 1477.07
5	Electronics (38) Mechanical Engl			142	21.48	+1.8		9.95	2.86	13.39	28.50	1396.53	1410.61	1426.12	2244.03
8	Metals and Meta	ncering (i I Forming	(7)	36 32	7.08	+0.9		1.96 1.86	4.57	12.76	9.42 7.17			357.71 331.68	203.97
9	Motors (16)		*************	26	9.82	+1.4		9.58	3.77	12.18	5.51	266.09	268.88	267.16	173.56
0.	Other Industrial I COMSUMER GR	Materials nup /18	(21) 5)	12	10.77 16.68	+1.5		7.47	4.42 3.37	15.87 15.50	20.41 16.00	1193.46 895.81		1201.58 910.30	960.63 700.55
2	Brewers and Dist	illers (22)	90	15.60	+1.3	1	83.6	3.55	12.69	14.91	893.93	898.07	900.42	738.61
5	Food Manufactur	ing (24) .			11.76 31.08	+0.6		.91 .21	4.01	13.14	14.13	677.53			497.90
7 I	Food Retailing () Health and House	chold Pro	ducts (10			+1.4		5.64	2.75 2.31	20.95	29.71 12.84	1488.91	1870.58 1513.97	1516.60	1643.02
9	Leisure (27)			90	1.80			.28	4.50	16.03	24.68	890.87	906.43	905.76	693.48
2	Publishing & Prin Packaging and Pa				35.58 19.74	+0.2		.27 (A7	4.34 3.66	17.83	55.62 10.04		2549.92 451.47	2568.68 454.01	1860.32 350.85
4)	Stores (38)] 83	3.44	+1.8	1 1 7	7.01	3.08	19.35	11.76	818.79	831.01	845.69	727.93
5 6	Textiles (17) Tobaccos (2)			151	8.30	+0.8		1.86 1.43	3.80 4.20	23.74 8.28	9.64			523.55	341.66
ĭ	OTHER GROUP	S (87)		74	6.96	+1.2		207	4.28	14.20	36.99 17.14		1241.52 741.26		757.00 687.58
2	Chemicals (20)			97	9.73	+1.0	1 1	197	4.41	13.56	28.60	970.01	971.61	975.42	659.41
4 6	Office Equipment Shipping and Tra	(4) usport (1	3)	23 143	6.71 30.12	+3.7		.25 1.45	4.47	15.40 14.96	7.11 47.58	228.35	228.35 1429.88	228.46	204.04 1240.55
7	Telephone Netwo	rks (2)		72	1.17	+1.3	11	.89	5.10	11.49	16.67	712.14	714.79	719.49	895.54
밁	Miscellaneous (4 INDUSTRIAL GI	B)	27	104		+1.2	_	.62	3.27	18.96			1035.88		844.55
9	Oil & Gas (17)	KUUP(40	J	737	7.26	+1.2		192	3.72 6.53	14.65	15.99 62.40		804.79 1387.21	808.10	655.84 1152.15
9	500 SHARE INC						_	.05	4.06	13.94	19.63			855.18	
1	FINANCIAL GR	DUP (117	7)	57	5.68	+0.8			4.87	-	16.39	571.17	572.76	572.84	483.62
2 5	Banks (7) Insurance (Life) (Insurance (Comp	(9)		62 81	8.95 9.97	+0.5		34	5.78 4.73	6.73	23.94	625.55 809.14		632.10	476.40 747.91
6	Insurance (Comp	osite) 17)		44	7.12	+1.1	. -	_ J	4.85	-	10.93	442.17	443.86	440.48	355.88
7 8	Insurance (Aroke Merchant Banks (rs) (9) (72)		119	26.67 1.75	+1.5	۱ <u>۱</u>	20	4.46	15.94	35.33 5.37		1183.41 322.92		1096.02 252.18
5	Property (49)			\ 72	8.09	+0.5		.11	3.83	23.55	13.05	724.53			679.39
민	Other Financial (2)	24)		_ 33	5.42	+0.7	_	1.24	4.75	13.18	8.86		332.60		285.79
1	Mining Finance (2)		// 31,	4.64) 8.74	+1.6		.09	2.93 5.03	13.64	12.83 9.17	774.62 313.81	775.62 306.95	773.47 305.42	588.69 248.16
듸	Overseas Traders				7.62			.57	6.58	10.32	24.33	664.80			
9	ALL-SHARE IN	JEX (731	<u> </u>	\rightarrow	7.75	+0.9	_	-	4.17			770.44		777.10	
4	FT-SE 100 SHAF			"	No.	Chan	gel H	ay's ligh	Day's Low	Oct 3	Oct 2	Oct 1	Sept 30	Sept 29	Year ago
	F1-5E 100 5HA	(E INDE	· •	1 15	78.91	+18.1	1254	T .	1563.2	1560.8	1573.11	T		T	
	FD	(ED I	NTE	RES	T				REBE	AGE GRO MPTION	YIELDS		Mori Oct 6	Fri Oct 3	Year ago (approx.)
	PRICE	Men Oct	Day's	Fri		adj.	xd adj		Britis 1 Low	à Govern	enent years		9,64	9.69	9.80
	INDICES	6	change %	0ct	1	xiay	1986 to date		2 Compa		years		10.32	10.31	10.05
7	British Government	 	-	⊢	- - -	+		_	3 i 4 i Medim		years		10.33 11.26	10.32 11.30	10.06 19.63
	5 years	118.21	+0,17	118.26	s a	25	9.41		5 Coupor	is 15	years		10.70	30.70	10.37
•	5-15 years	129.75	+0.03	129.71	ւ –	- 1	10.20		6 7 High	25			10.30 11.37	10.28 11.40	10.05 10.70
3 1	Över 15 years	136.17	-0.04	136.22	2 -	-	10.05		Couper	s 15	years		10.92	18.91	10.51
4	irredeemables	151.71	-0.20	152.01	1 -	- [8.90	١,	9) O Irreder	25	years		18,41	10.40	10.18
=+-	All stocks	128.10	+0.06	128.11	L O.	80.	10.00	<u> </u>		Linked			10.04	10.02	9.70
	Index-Linked					Ī			1 Inflati	rate 5%	9	yrs	4.67	4.75	8.0
	5 years	111.68	+0.19			- [200	1		rate 5%	Over 5	yrs	3.72	3.73	8.6
711	Over 5 years	111790	+0.12			- [2.53	11 14	s i inflatir 4 i juliatir	rate 10%	Over 5	yrs	3.34 3.57	3.42 3.57	0.0 0.0
	1.10 - 4	111.56	+0.13	111.41	ı J 🗕	_ [2.43	_							
	Alf stocks	111111	70.13	111.41	. !			34	5 Debs 8		5 years		11 42	17 64	33 18
1	Pehentures & Luans	1112.27	+0.47		+	{	8.12	7 7	Leans	- :	5 years. 15 years. 25 years.		11.42 11.43 11.44	11.54 11.52 11.49	11.18 11.14 11.09

	entures & Loans ference	112.27 81.18	+0.47	111.74 81.15		8.12 5.07	17 <u>25</u> years 11.44 11.49 11.09 ,				
+ Flat	#Opening Index 1563.2; 10 am 1570.3; 11 am 1572.3; Noon 1576.1; 1 pm 1577.6; 2 pm 1578.5; 3 pm 1577.5; 3.30 pm 1577.6; 4 pm 1577.2. † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Sourchy issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 48Y, price 15p, by post 28p.										



ABM C
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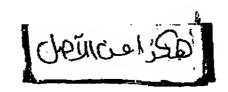
Robert Flewing & Co 10

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Grindlays Bank 110 Bask of Scotland
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WORLD STOCK MARKETS

)6) 180			WORLDBIO	CR WARREIS	
	Qut. 6 Price + or Oct. 5	Price + or Oct 6 Price + or	AUSTRALIA (continued) Price + or Oct. 5 Price + or Oct. 6 Yen -	CANADA	
A	Sch	310 1: 12 2 Roymanni 355	Gen. Prep. Trust 9.7 -0.1 MRI 566 -12 Martin James 566 -12 Martin James 567 +6.1 Mittail Bank 566 -38 Mittail Co. 567 +2	Sales Stack High Low Class Chap Sales Stack High Law Class Chap	Sales Stock High Love Close Chag Sales Stock High Lov Close Chap
	ungbunziauer12,860;	288.2 -2.6 EKem 114.5 -0.5 147 -1 155.5 14	Industrial Equity 7.50 +0.00 Mitsukoshi	TORONTO Closing prices October 6 3848 AMCA int \$141, 141, 141, 141, 141, 141, 141, 141	11021 Inter Pipe \$401, 401 ₂ 404 ₆ 94283 ipeco \$8 8 5 -1, 550 Neco A 1 \$201, 201, 201, -1, 2200 Neco B \$207, 201, 201, -1, 2200 Neco B \$227, 201, 201, +1, 2450 Neco B \$257, 254, 254, -1, 2450 Neco B \$227, 201, 201, +1, 300 Regen A \$214, 211, 211, +1, 300 Regen B 1 \$211, 211, 41,
4	ELGIUM/LUXEMBOURG Commerciank. Out, 6 1 Price 1 + or Daimlor-Bonz.	315.5 +6.6 Stormbrand 276	Mayno Nickiess 3.00 + 6.07 Nippon Express 17.210 90 Mayno Nickiess 3.00 + 6.02 Hippon Gakki 1,500 40 Nst. Aust. Bent. 5.50 0.18 Nippon Kogeki 635 6	3646 AMCA int \$741 ₄ 146 ₅ 147 ₆ 2800 Comput in 275 273 275 +5 1700 Aberford 420 420 429 +5 4000 Comput in 125 110 125 +7 204 Abitible Pr \$24 231 ₂ 231 ₃ -1 ₆ 5044 Con Bash A \$235 231 ₄ 231 ₆ 11 ₆ 126 400 Acidends \$140, 175 186, -1 ₆ 2560 CDlett 6 \$574 5 61 ₄ +1 ₆	773 Kerr Add \$165 195 195 +1 15026 Rogers B 1 \$275 275 275 275
	and. Gen. Lux. 15,300: Doutsche Bank.	789 -1.5 Oct. 6 Price + or -407 -1.5	Noranda Pacifici 1,75 +0.18 (Hippon Salko	250 Albah H B134 134 +14 2500 GTL Bank 5154 151 1514 151 20025 Albam 8434 6514 455 +14 200 Algo Carl 5274 201 201 +14 200 Corwst 5 39 65 201 201 -15 201 201 1100 Corwst 5 39 65 201 201 -15 201 201 -15 201 201 201 -15 201 201 201 -15 201 201 201 -15 201 201 201 -15 201 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 -15 201 201 201 -15 201 201 201 -15 201 201 201 -15 201 201 201 201 -15 201 201 201 201 201 201 201 201 201 201	900 Klens Gid 327 265 27 + 1 400 Roman 584 584 584 585 586
, ,	ockerii		Patitic Bunico 3.37xc +0.81 Nippon Sulsan 486 +7 Paticontinental 5.1 +0.2 Nippon Yusen 472 +9 Pionear Cono 9.75 +0.97 Nissan Motor 771 -10 Pacer Pacific 2.86 +0.88 Nisshin Flour 771 -10 Poseidon 4.15 +0.27 Nomura 3.350 -60	200 Algo Cent \$221-2 201-2 201-2 +1-1 11900 Cores \$205-2 201-2 201-3 155-1 157	9500 Lumonics \$110 11 110 5000 Scotts 5120 12 12 51986 MICC \$210 25, 25, 27, 49575 Seagram \$2576 22'6 12'1 700 MSR Ex 216 215 216 +1 18084 Sears Can \$110, 174, 174, 174,
4 8	abrique Nat 1,030 +30 Hussel 1,030 +30 Karstadt	226 - 600 + 13 Soo Vizonya 1,650	Gueensland Goal 1.75 +0.65 Olympus	21330 Atco I I 383, B4 84 84 84 84 84 84 84 84 84 84 84 84 84	131225 Magnes A 3261 ₂ 251 ₄ 251 ₄ + 7 ₆ 9000 Souther 2214 ₄ 511 ₅ 511 ₅ - 1 ₄ 3345 Magnes f 3151 ₆ 167 ₆ 161 ₆ + 1 ₄ 15012 Sper Aero f 5241 ₇ 261 ₄ 261 ₄ - 1 ₄ 200 Mc Intere 527 37 87 527 Steinba A f 5361 ₄ 361 ₄ 361 ₄ - 1 ₅
	evaert — 6,160 + 10 KHO coboken — 7,530 - 70 ttercom — 3,575 + 55 tradietbank — 16,500 - 200 an Holding — 11,300 — MAN	72 + 0.6 Telefonics	Tooth 5.6 Sanwa Bank. 1.430 i +90 Vangas. 0.55 +0.05 Sanwa Bank. 1.430 i +90 Western Mining. 4.7 +0.85 Sanwa Elect 597 +1 Wastons Rank. 4.7 -0.3 Sapporo 1.130 -10	10200 Bosenzia R 175 185 175 +4 32780 Done Mine 304; 99 93; +1; 12521 Bow Vely \$111, 11 11 58612 Done Pets 100 87 97 +1 2000 Breitome 150 150 160 400 6 Textis \$19 10 19 +1;	105784 Molecon A f \$241 ₆ 231 ₇ 24 -1 ₆ 4700 Terra Mr. 245 235 235 -5 13100 Moneco A f \$51 ₆ 61 ₆ 51 ₆ 16280 Terraco Can \$283 ₆ 25 233 ₆ +3 ₆
	toyate Beige	781 -6 464 190 -8	Wormarie Intil	10200 Bosanza R 175 185 175 145 175 145 175 145 175 145 175 145 175 145 175 145 175 14	1400 Murphy \$185, 191, 191, -5, 1040 Tor Sun 320, 391, 30 +1, 34400 Nat Bit Can 5271, 27 271, 25280 Torstor 5 1 \$281, 28 281,
100 T	ractionel 6 180 98 CCS Rhein West Electronic Recommendation of the second	199 -2 ASEA (Free) 541	Oct. 6 Price + or Stome Bank	14485 BC Phone \$281, 285, 285, -1, 7850 Equity Ser \$51, 01, 61, +1, 2825 Brunewit \$131, 131, 131, 1600 FGA ind \$181, 18 181, +1,	18880 Minri Fine 345 335 345 +5 15 15 15 15 15 15 15 15 15 15 15 15 15
Ede C	PENMARK Oct. 8 Price + or Verbin-West - Velkswapen	342 +0 Cahilost 270 +5 890.5 -1.6 Colores 5 516 +10 151.6 -0.5 Epsetts 235 +6 1280 -1.5 Colores 5 125m +4 128 -1.5 Colores 5 125m +4	Bank East Asia 20.5 -0.5 Stomo Corp 975 -15 Cathay Pacific 6.35 -0.1 Stomo Elect 1,770 -50 China Light 16.0 -0.4 Talse Corp 951 -35 China Light 16.0 -0.4 Talse Corp 951 -35 Everge 0.89 -0.87 Hang Seng Bank 34,75 -0.17 Henderson Land 3.5 -0.18 Takeds 2186 -50 MK China Chen 3.5 -0.18 Takeds 3,570 -30	2000 Cambrido \$24 24 24 1909 FCDr Fin \$124 725 129 +1	19900 Nor Tel 3531 30 59 -5 F-No voting rights or restricted voting 25565 Northpat 357 67 85 19 1900 Nowton W 3115 114 1115 + 7 100 Nowton W 3115 114 1115 + 7 100 Nowton W 313 23 22 22
21 2	ndelshanken	1488 -7 Pharmacia. 168 -1 168	Herderson Land 5.5 -0.18 TDK 3,570 -30 MK China Cas. 18,6 +0.4 TDK 575 -26 HK Electric 10.1 -0.5 Tos Henryo 1,490 -70 HK Kowloos Wh. 5.15 -0.18 Tokal Bank 1,090 -16	980 C Nor West \$151, 151, 151, 1610 Grafton A 1 \$173, 171, 173, 1400 Grafton A 1 \$173, 171, 173, 173, 173, 173, 173, 173,	900 Namec 301, 9 91, +1, 900 Calculus 250 260 250 +16 MONTREAL 250 260 250 +16 Closing prices October 6 210 Control 6 1 280 275 280 -20
_ E	orenede Brygg. 980 —6 Banco Com'le — prenede Damp. 180 —6 Bastog-IRBS	Price + or Side + 1 S	Jardine Math 18.6 (-0.4 Topper Original 1.480) -20	1400 C Pactra \$15\\ 215\	25000 PacW Airl \$1712 173 1712 10678 Bombrets \$251, 2512 2512 - 10 30800 Paurin A f \$1312 1314 1314 - 12 2465 CR Pack \$1014 15 1014 - 14
26.20	E.S.B. 1 675 C.I.R	7,630 -70 SWITZERLAND 5,496 -9 14,800 -150 Oct. 6 Frs	Swire Pac A	227643 CP Ltd	121000 Placer 6 \$3214 \$176 32 + 14 1777774 Mountain 8191, 19 19
PSSS	rivistanten 248 + 9 16 17 17 17 17 17 17 17		World Int. Nidge. 8.9 -0.27 Yarnaha 510 1.750 1.750 Yarnaha 1.750 1.750 Yarnanaha 1.750 1.75	17200 Caren 7 373 1234 13 13920 Financo 3344 344 445 -48 4000 Caren 8 1 284 18 18 -14 22735 Inco 520's 790 195 -18 28425 Carf OK 512's 120's 120's -18 2800 India: 313's 138 139 15 18 -18 13600 Caren A 1 1 15 18 -19 18000 India: 313's 138 139 139 139 139 139 139 139 139 139 139	1834 Poop Pat 393 ₄ 33 ₅ 33 ₆ +1 ₆ 434384 Power Corp 3169 ₆ 151 ₆ 151 ₇ 17160 Powr Cor 3185 ₈ 151 ₈ 151 ₈ 151 ₉ 15
, F	RANCE SalpernShid BPDShid BPD	5,040 450 Elektrowatt 5,376	Oct. 6	840 Cellanese \$1334 1372 1354 + 16 7000 Innopase \$1456 1454 1456 - 16 13000 Centric Tr \$20 20 20 -16 87025 Inst Thom \$1116 1176 1176 1176 - 16	700 Citle Tel \$15 15 15 15 2078 Rol/Trasto \$30 29% 29% 19% 15300 Rampor \$52 51s 51s 11 1263 Salenberg \$350 29% 29% 19% 19% 1263 Salenberg \$350 29% 29% 19% 19% 1263 Salenberg \$350 29% 29% 19% 19% 19% 19% 19% 19% 19% 19% 19% 1
ES AA	nprunt 448 1975 1,796 +16 NETHERLAND 1971 1972 1972 9,398 -42 1972 9,446 +1 Oct. 6 144 +3	Frice + or	Ains Electric 1,760 40 8	ind	ices
B	2,800 +48 buygues 1,494 +6 ACF Nolding 4,258 +83 AEGON	68.8xc = 0.6 93.3 + 9.5 96.5 + 1 447.6xr = 0.1 544 - 4 Sandoz (8r) 1,200 = 10 Sandoz (9t Ots) 1,700 = 10 Schindler (*tOts) 595 + 16 1,700 = 1,700 1,700 = 1,700 1	Casio Comp	NEW YORK-1007 JONES	Oct. Oct. Oct. Oct. 1986
. De	e Bangaire 1,149 -5 AMEV AMRO AMRO Bredero Cert	78.4 -1.5 Swisser 1,276 +16 94.5 +0.1 Swiss Bank - 1565 +1 130 +1.5 Swiss Bank - 17,300	Dai-Hippon Rik 476 6 Malay Utd. Ind 1.52 -0.82 Malay U	Oct Oct Oct Oct Supt 1985/86 Siece Compliation 6 3 2 1 36 28 High Leer High Leer High Leer 1,784.85 L.774.18 1,781.21 1,787.50 1,785.20 1,989.71 1,982.29 1,519.71 4,1.22	6 6 8 1 High Low AUSTRALIA AU Ord. (1/1/AB) 1230.8 1258.8 1275.5 1268.6 1270.8 (8/18) 1018.8 (2/1) Metals & Mints. (1/1/AB) 804.5 688.5 866.4 888.1 894.8 (6/10) 481.1 (20/6)
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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Stock index options provide spur

STOCK PRICES drifted higher and bond prices turned mixed yesterday in quiet trading on Wall Street, writes Roderick Oram in New York.

A weaker dollar and lack of new economic figures left most investors on the sidelines of the bond market. Prices edged up in shorter maturities but were unchanged to lower at the longer end.

Stock prices opened fractionally lower but then jumped about 15 points as premiums on stock index options triggered some buying programmes in the underlying shares. Stocks gave up most of their gains in midmorning but revived over lunch and again near the close on

programme buying.

The Dow Jones industrial average of blue chip stocks closed up 10.27 points at 1,784.45. The New York Stock Exchange composite index ended up 0.51 points at 135.32. Trading of 88.88m shares was the quietest since May 19 and left 821 issues ahead and 683 lower.

The most active sector was transportation, spurred by railroad stocks and airlines. The Dow Jones Transportation index closed up 10.37 at 822.25, less than nine points below its March 31 record of

STOCK MARKET HIDICES

822.25 200.20

777.75 854.66

316.2

Standard & Poors 500

1,774.18 1,328.74

647.24 155.16

1,319.0

635.65 697.67

10.81

811.88 199.62

233.71

770.44 845.93

10.4

17,435,33 17,240,22 12,718,3 1,454,83 1,449,59 1,026,33

234,48 234.85 206.70

3.867.75 3.855.29 2.514.20

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280.6

376.75 377.71 371.98

1,997.0 1,378.0

2,488.14 2,478.70 1,370.51

340.7

398.75

£2,305.00 £2,219.00

£946.0

Oct 8 \$438

\$437.67

\$434.66

\$436.00

\$442.B

Prev 400.60p

£925.55

\$13.75

Prev \$437.00

\$435.75

\$435.03 \$437.75

\$437.5

202.57 200.88

750.74 411.23

818.15 767.40

151.20

673.33

745.39

277.80

819.51

Oct 3

341.9

COMMODITIES

GOLD (per ounce)

1,297,3 1,011.9 684.5 530.5

260 240 220

NEW YORK

LONDON

TOKYO

S&P Composite

FT-A All-share

FT Gold mines

FT-A Long gift

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

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CANADA

Portfolio

FRANCE

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FAZ-Aktien

нона кана

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

HORWAY

Oslo SE

SINGAPORE Straits Times

SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

MS Capital Int'l

Silver (spot fixing)

Copper (cash) Coffee (Nov)

Oil (Brent blend

London

Zürich

Paris (fixing)

New York (Dec)

SWEDEN

WORLD

ITALY

Commerzbank

Metals & Mins

Credit Aktien

Belgian SE

Toronto Metals & Minls

830.84. Burlington and Northern rose \$1% to \$57%, CSX was ahead \$% to \$29% and Federal Express \$1% at \$67%.

Among blue chips yesterday, American Express was up \$% to \$56%, McDonald's gained \$1% to \$59%, Minnesota Mining and Manufacturing was up \$% at \$100%, and General Electric was ahead \$% to \$71%.

IBM rose \$2% to \$133%. Although analysts are expecting it to report this week third quarter earnings of around \$2.20 a share against \$2.40 a year earlier, they. are forecasting higher profits next year.

After the market closed, Mr Carl

Icahn, the New York financier, offered \$31 a share for USX, valuing the former United States Steel Corporation at \$8bn. He said he already owned 9.8 per cent of its common stock.

USX was once again the most active issue with more than 12.5m shares, including several 1m-share blocks, traded on all exchanges yesterday. It closed up \$% at \$26%.

Tobacco stocks were strong following weekend news that Japan will abolish its import tariffs on cigarettes, boosting substantially US cigarette exports. Philip Morris rose \$1 to \$68, RJR Nabisco was up \$% to \$49% and US Tobacco was up \$1/2 at \$41%.

Union Carbide was off \$1/4 to \$20% and GAF was down \$4 to \$33% after GAF agreed to limit its stake in Carbide to a maximum 10 per cent.

Control Data edged up \$\% to \$27. It proposed a share price of \$21 to \$24 for Commercial Credit (cap C and C), the financial services subsidiary it is spinning off. The unit's profits have been offsetting Control Data's losses on computers.

CURRENCIES

Previous

154.10

6.545

1.383

1.3865

INTEREST RATES

US BONDS

1003/22

Source: Harris Trust Savings Bank

157.08

140.71 152.73

182.37

Source: Merriti Lynch

SCBT South Central

3% July 1990

10% Jan 1993

9% March 2018 General Motors

81/4 April 2018

9% March 2018

8 April 1996

PALLOG &U

1.9900

154.05

1.377

41.30

6-month US\$

1993 1996

1-30

6.52

KEY MARKET MONITORS

Polaroid gained \$2 to \$66% after the Supreme Court said it would not hear an appeal from Eastman Kodak in its patent dispute with Polariod over instant photography. A lower court ruling had ordered Kodak to withdraw from the

business. Kodak was unchanged at \$55. BankAmerica was ahead \$% to \$12%. The board of the troubled bank holding company met yesterday amid speculation about executive changes.

On the takeover front, Western Pacific Industries fell \$4 to \$162% after management dropped its \$155 a share buy out proposal and accepted a \$163 a share offer from Danaher which rose \$\% to \$11\%.

Lucky Stores gained \$% to \$36% on heavy volume. It rejected as inadequate a \$35 a share takeover offer from Mr Asher Edelman

In credit markets, bonds failed to hang on to their early gains in price mainly because the dollar fell again be-low DM 2. The benchmark 7.25 per cent Treasury long bond edged down 1/11 of a point to 9621/22 at which it yielded 7.52 per

Treasury bills were essentially un changed at 5.04 per cent for three-month bills, 5.13 per cent for six-month and 5.25 per cent for year bills. Certificates of deposit edged lower by as much as eight basis points to stand at between 5.67 per cent for short maturities and 5.80 for

longer.

The markets will have little news to consider over the next few days in the absence of any major economic data until the producer price index for September is released on Friday. It should give some indication of the inflation trend. Fears that inflation was rising had dampened hopes last month of an interest rate cut but the growing evidence of poor economic growth has recently increased expectations that the Federal Reserve Board will lower its discount rate within the next few months.

LONDON

1300

Oot 6 Previous

221.5

9.3825

3.2375

1,981.5 59.45

51/m 51/m 51/m 5.50° 5.04°

6.12 100

7.05 7.26

7.53

+0.33

+0.28 +0.17 +0.30

+0.53

Yield

October 8°

91% 6.404

98% 9.552

FINANCIAL FUTURES

Latest High

95.06 95.07

97-08 97-18 97-02 97-08

94.26 94.21 94.16

110-18 110-6 100-5 100-23

Yield calculated on a semi-annual basis

US Treasury Bills (little)

Certificates of Deposit (Billi)

94.23

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Dec

Dec

99°7/m 96°7/m

6.19 6.80

8.10

Prev

Price Yield

1.4425

2.8825

222.25

3.2575 1.995 59.70

6% 6% 5% 5.825 5.24

6.375

7.271 7.442

-.03

-.04

Rally ahead of money supply data

MARKETS in London took heart from expectations that today's UK money supply data will prove more favourable than thought earlier, reducing pressures for higher domestic interest rates. The stock market looked firm but

dealers reported thin trade in many stocks. The Financial Times ordinary index put on 17.2 to 1,251.2.

The gilt edged sector lost some of its earlier impetus and by the close, longdated issues were little changed on the while gains among been trimmed to %.

Chief price changes, Page 47; De-tails, Page 46; Share information service, Pages 44-45.

AUSTRALIA

A RECORD SETTING performance was seen in Australian markets despite the Labour Day holiday that kept the Sydney stock exchange closed.

The All Ordinaries index rose 12.2 to 1,310.8 - its first foray above the 1,300 level - while strong demand for golds and metals took the Gold index 41.4 higher to 1,593.3. Turnover was high at 78.25m shares worth A\$262.2m.

The volume was boosted by a special sale by Bell Resources of 8.8m shares in Bell Group for A\$85m, or A\$9.63 per share. Broker Orr Minnett was understood to have placed shares with institu-tions at AS9.75. Bell Group ended 40 cents lower at AS10 after a day's low of

SINGAPORE

A HESITANT MOOD overhung Singapore although a revival of foreign de-mand and purchases of some hive chips managed to outweigh local profit-taking. The Straits Times industrial index

rose 3.36 to 819.51 on turnover that rose to 16.2m shares from Friday's 12.8m.
Among actively traded issues, City Development put on 3 cents to S\$2.01 and OCBC rose 5 cents to S\$8.10 hut Sime Derby shed 1 cent to S\$1.68.

ICS posted a 25 cent rise to S\$6.75, while DBS rose 20 cents to S\$8.60 and Fraser and Neave 15 cents to S\$8.45. Ten cent advances took SIA to S\$7.80, Singapore Press to S\$8.05 and UOB to S\$4.20.

A BROADLY higher trend emerged in Toronto after an early rally had been bolstered by a stronger showing in the resource sector

Among active issues, Continental Bank of Canada rose CS3% to CS15% as trading resumed after the week long halt following the announcement that the bank proposed a merger with Lloyd's Bank of London.

Toronto Dominion Bank put on CS% to C\$23 and Bank of British Colombia added 11 cents to C\$2.90.

SOUTH AFRICA

THE ABSENCE of a clear trend in bullion prices made for hesitant Johannesburg trading and gold shares closed slightly easier on the day.

Randfontein lost R3 to R475 and Elsburg 40 cents to R12.90 but Deelkraal went against the trend with a 20 cent gain to R14.50.

Platinums shadowed golds with Rus-tenburg 50 cents lower at R53.25 hut other miners were mostly steady with De Beers unchanged at R532.75.

EUROPE

Paris lifted by company results

THE FALLING dollar combined with uncertainty over interest rates, the out-look for Wall Street and the Opec meeting in Geneva to make many European investors hesitant

The main bourses were mixed or easier, except for Paris which moved up on a series of good corporate results. Share prices were boosted by a FFr 475 jump to FFr 2,895 by Presses de la Cite, which started trading again after its suspension on September 23 amid a takeover bid by Cerus and Pechel-

Other sectors to advance were food where Carrefour rose FFr 45 to FFr 3.4% and Moët-Hennessy put on FFr 40 to FFr 2,200, and electronics, which saw Matra FFr 12 higher at FFr 2,265.

Frankfurt finished mainly below Friday's close after early buying interest evaporated. Trading was thin in a market depressed by the dollar's de-cline and the belief that the Bundesbank was unlikely to cut interest rates in the near future, especially after September's fall in unemployment.

In the electrical sector, however, Siemens, which is leading the battle for control of France's CGCT telecommunications group put on DM 2.1 to

Among banks, Commerzbank dropped DM 2 to DM 317 and Dresd-ner DM 1.5 to DM 407, but Deutsche

Bank closed unchanged at DM 789.
Car makers were easier, with Daim-ler-Benz and Porsche falling DM 9 and DM 14 to DM 1,251 and DM 996 respec-

tively.

VW's ordinary shares were down DM
7 at DM 488 while its preference shares, traded for the first time yesterday, closed at DM 454.50, down 50 pfennigs on the issue price. The price for the remaining 2.4m preference shares from WV's current rights issue was set after the bourse closed at DM 450 each.

Bonds were actively traded and prices ended higher on the day but below the highs reached in pre-bourse dealings. At the long end, gains were as much as 35 pfg, although there were also a few losses. The average yield of public authority bonds fell 2 basis points to 5.80 per cent. The Bundesbank sold DM 101.1m of paper after selling DM 10.3m

on Friday.

Amsterdam recouped some of the day's early losses as Wall Street picked up but leading share prices still ended easier in a thin hesitant session.

0.40 to F1 46.60 while Hoogovens was steady at F1 58.80.

Banks were mixed, and insurers saw Aegon put on Fl 2.8 to Fl 93.3 after deny-

ing newspaper reports that a teacher was making a FI 3bn claim.

From next January, the ANP-CBS index will be discontinued and replaced by the new CBS "tendency" index as the official Amsterdam stock exchange indica-

Zurich had a quiet session on the day that continuous trading began in the bourse's 25 most active issues. Share prices closed very narrowly mixed, and bonds were steady.

Brussels was also little changed, with buyers holding off on the settlement day of the fortnightly trading period. Petrofi-na climbed BFr 60 to BFr 9,440, while Vieille Montagne lost BFr 190 to BFr 5,800 after a first half loss.

Milan saw demand for Montedison contrast with losses for Fiat and Olivetti. Montedison, which launched its L947bn rights issue amid continued criticism of its purchase of a further stake La Fondiaria, climbed L180 to L3,650. However, Fiat dropped L150 to L14,800 while Oliv-

etti fell L435 to L18,250. Stockholm, boosted by technical factors and hopes of favourable company results this week, closed sharply higher

after a session of heavy trading. Oslo prices fell across the board on details of the 1987 budget. Norsk Hydro, which said 1986 profits would be lower than expected, lost NKr 5 to NKr 148.

Madrid moved higher, with substan tial gains for construction issues. Telefonica, which is selling its stake in a cable venture, was 0.5 points up at 190.2 per cent of nominal value.

HONG KONG

THE 11-day rally in Hong Kong markets came to an abrupt halt yesterday as a wave of heavy domestic selling left the Hang Seng index dropping sharply to 49.87 to finish at 2,084.93 — the largest one-day fall since July 1984.

The downturn came as local dignitaries and representatives of other mar-kets gathered to mark the official opening of the computerised system which over the last six months has brought together the colony's four, formerly independent exchanges.

The decline was viewed as a much needed correction after a formight in which the market index has risen 11 per cent, setting a series of records on the

Turnover amounted to HK\$905m from Friday's HK\$1.1bn.

The market was undermined from the opening by talk of an unsuccessful attempt last Friday by New World Developments to place 100m new shares at HK\$8.20 each with fund managers. New World shares fell 50 cents to HK\$8.

Cheung Kong rose to a day's high of HK\$28.70 on news that it had sold the Hongkong Hilton Hotel to Hongkong

Attempts at rebound run out of steam

A FURTHER SETBACK was suffered in Tokyo yesterday with institutional Tokyo yesterday with institutional investors and dealers sitting on the sidelines after the vident fluctuations last week, writes Shigeo Nishiwaki of Jifi

The Nikkei market average fell 171.12 to 17,435.33 on the second lowest volume of the year - 253.8m shares compared with 651.64m last Friday. The lowest was 232,41m registered on January 21. Losses outpaced gains 383 to 370 with

133 issues unchanged. The Nikkei lost 1,162 points in four straight days to last Thursday, but re-couped 587 on Friday and Saturday. The two-day rally was due chiefly to active buying by investment trusts, which sharply pushed up biotechnologies, non-

ferrous metals and oils. However, investors viewed the rebound as only a technical rally and were expecting no immediate full-scale recovery. They were further discouraged when Mr Satoshi Sumita, Bank of Japan governor, made remarks ruling out an immediate fourth cut in the official discount rate and the uncertain outlook of crude oil prices.

The cautious mood was strengthened by the approach of a market holiday next Friday and Saturday.

Market leaders fell sharply together with issues related to the Tokyo Bay

area redevelopment project, which had been sought by brokerage house dealers and institutional investors to reap capital gains. Ishikawajima-Harima Heavy Industries topped the active list with 13.99m shares, but dropped Y33 to Y566. Tokyo Gas fell Y40 to Y1,020 while Nippon Kokan lost Y12 to Y297.

Among other large capital stocks, To-kyo Electric Power gained Y80 to Y7,380 but Kawasaki Steel and Mitsubushi Heavy Industries fell Y13 to Y232 and Y12 to Y568, respectively.

Domestic demand-related issues were also weaker, with Ohbayashi losing Y48

to Y972. Trade was slow on the bond market in the absence of fresh incentives, but prices firmed slightly on speculative trading by the dealing sections of hanks and securities houses. The yield on the benchmark 6.2 per cent government bond maturing in July 1995 dipped from 4.735 per cent Saturday to 4.720 per cent. Buying shrank greatly in the 5.1 per

cent government bond due in June 1996, which had attracted buying last week as the issue that may replace the 6.2 per

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